Intra-Family Succession Goals: Perceptions of the Dominant Coalition of Small Private Family Firms

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DEDICATION

To my children
Charlotte and Jack, may you never stop learning. I love you.

"Educating the mind without educating the heart is no education at all."

Aristotle

"It does not matter how slowly you go as long as you do not stop"

Confucius

"Anyone who stops learning is old. Whether at twenty or eighty.
Anyone who keeps learning stays young."

Henry Ford

ABSTRACT

Intra-family succession is the transfer of management, leadership and / or control of the business from one family member to another, and has been a core topic in family business research (Debicki, Matherne, Kellermanns, and Chrisman, 2009). Family firm researchers have suggested that family firms have a strong desire toward economic and non-economic goals (Kotlar and De Massis, 2013). However, how these goals fit into the strategic management decision of intra-family succession has not been explored by researchers (Chrisman, Kellermanns, Chan, and Liano, 2010). The purpose of this study is to identify and explain the importance of the goals that small private family firms expect to achieve through intra-family succession that cannot be achieved through non-family succession as "success in strategic management, including the management of intra-family succession, must be measured in terms of goal achievement" (De Massis, Sharma, Chua, and Chrisman, 2012, p. 30). To examine why intra-family succession goals (IFSGs) are important, this study relies on the psychological personality constructs of generativity (concern for guiding and establishing the next generation) and narcissism (an individual's self-assurance, self-esteem and satisfaction with oneself).

The respondents of this study are those family members who make up the dominant coalition (founders, incumbents, and potential successors) of the family firm. Only those firms where the family has the ability to influence firm behavior, and the intention (willingness) for intra-family succession, are included in this study. Qualitative data was collected to identify IFSGs, and these IFSGs are used in the development of the structured questionnaire.

Fourteen IFSGs were identified from the qualitative phase of the study. The data collected from the structured questionnaire was subject to various statistical methods. The results suggest that the dominant coalition of small private family firms considered each IFSG as important, and that generativity and narcissism partially explain why these goals are important. The findings suggest that gender and the

individual's role within the dominant coalition influence the hypothesized relationship between IFSGs and generativity, and the IFSG of legacy and narcissism. This research provides several analytical, methodological and theoretical contributions and paves the way for further theoretical and empirical enquiry into intra-family succession of small private family firms.

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ABBREVIATIONS

CBI	Confederation of British Industry
EBITA	Earnings before interest, taxes and amortization
EU	European Union
FIBER	Family control and influence, Identification with the firm, Binding social ties, Emotional attachment, and Renewal of family bonds through dynastic succession.
IFSGs	Intra-family Succession Goals
E-IFSGs	Economic Intra-family Succession Goals
IE-IFSGs	Intermediate Economic Intra-family Succession Goals
FCNE-IFSGs	Family Centered Non-Economic Intra-family Succession Goals
F-PEC	Family Influence through Power, Experience and Culture
GDP	Gross Domestic Product
SEW	Socioemotional Wealth
SMEs	Small and medium sized enterprises

CHAPTER 1 – INTRODUCTION

"Private firms overwhelmingly dominate the economic landscape of our world" (Sharma and Carney, 2012, p. 233). The term small and medium sized enterprises (SMEs) is most often used when referring to private firms. A 2011 report by statistics Canada cites that the economic activity of Canadian SMEs represents 54 percent of Canada's gross domestic product (GDP) and there are over 1.4 million SMEs in Canada.

The contribution of SMEs in other countries is no less significant. A 2010 study by the United States International Trade Commission reports that SMEs are the dominant business organization in the United States and these SMEs contribute to approximately one half of the GDP. In 2013, the Confederation of British Industry (CBI) stated that SMEs account for over 99 percent of private sector growth and 60 percent of private sector employment.

Globally, family businesses represent a large subset of SMEs (Poza, 2014; Nordqvist and Melin, 2010). For instance, in Europe, family businesses represent approximately 65 percent of SMEs and contribute around 55 percent to gross domestic product (Visser and Chiloane-Tsoka, 2014). The importance of family firms to the global economy is significant, yet the extent to which these firms have been studied does not reflect this fact, as family firms have primarily been studied within the research of small and medium sized enterprises. (Collins and O'Regan, 2011). However, the term SMEs does not necessarily capture the true reality of private sector economic activity. For instance, according to Industry Canada's 2013 small business statistics, 98 percent of Canadian businesses have less than 100 employees and these businesses contribute to 23 percent of Canada's GDP. The focus of this study is small private family firms, and these firms will be referred to in this study as family firms.

Two of the most researched topics in family business are intra-family succession and performance. (Levie and Lerner, 2009). Intra-family succession is the transfer of management and / or control of the business from one family generation to the next and has been a core topic in family firm research (De Massis, Sharma, Chua, and Chrisman, 2012). As will be discussed in the following chapter, family firm performance research has focused on comparing the performance of family firms to non-family firms. Moreover, a review of the family firm literature suggests that family firms have a unique goal set, which is an emphasis on economic and non-economic goals, and specifically family centered non-economic goals such as family reputation and family harmony (Kotlar and De Massis, 2013; Berrone, Cruz, and Gomez-Mejia, 2012; Chrisman, Chua, Pearson, and Barnett, 2012).[1] This study will identify the intended goals that family firms wish to achieve through intra-family succession that cannot be achieved through non-family succession of the business.

(1.1) Background of the Study

Academic institutions have recognized the importance of family businesses by establishing research centers, family business programs, academic and practitioner-oriented journals, and endowed chairs and professorships in family business studies (Ibrahim, Angelidis, and Parsa, 2008). Over the past thirty years, family business research has primarily focused on the question of what differentiates a family firm from a non-family firm.

Accordingly, a significant amount of research has focused on comparing the performance of family firms to that of non-family firms (Graves and Shan, 2014; Allouche, Amann, Jassaud, and Kurashina, 2008; Castillo and Wakefield, 2007; Villalogna and Amit, 2006; Chrisman, Chua, and Litz, 2004; Anderson and Reeb, 2003; Schulz, Lubatkin, and Dino, 2003; Gomez-Mejia, Nunez-Nickel, and Gutierrez, 2001; Smith and Amoako-Adu, 1999; Ward, 1997) and the results are inconclusive. As will be discussed in detail in the following chapter, the reason for the mixed results are twofold.

First, there is not a universally accepted definition of the family firm. For instance, the spectrum of

[1] As will be discussed in the following chapter, family centered non-economic goals are unique to the family firm. Examples of such goals are the firm as a family legacy, family reputation and family harmony. Accordingly, these goals are not the same as non-economic goals that are pursued by family and non-family firms as offered by Cyert and March, 1963.

family businesses is broad, from a local convenience store to multinational public corporations, and thus formulating a definition that encompasses this spectrum is extremely challenging. Consequently, many researchers have used operational definitions of the family firm based on the constructs of ownership and control (Henssen, Voordeckers, Lambrechts, and Koiranen, 2011; Tan and Fock, 2001; Davis and Harveston, 1998), while others have defined the family firm by whether or not the business considers itself to be a family business (Zacher, Schmitt, and Gielnik, 2012; Westhead and Cowling, 1998). Although methodological convenient, operational definitions limit the comparability of empirical results as there is no standard to determine their validity. (Chua, Chrisman, and Sharma, 1999). To this end, the authors offered the following theoretical definition of the family business based on behavior as the essence of a family business:

> *"The family business is a business governed and/or managed with the intention to shape and pursue the <u>vision of the business</u> held by a <u>dominant coalition</u> controlled by members of the same family or a small number of families in a manner that is potentially sustainable <u>across generations</u> of the family or families" (Chua et al. 1999, p.25).*

This definition incorporates the dynamics of family involvement (ability) and family essence (willingness) as the theoretical underpinnings (Chrisman et al., 2012). Family involvement is the ability of the family to influence firm behavior, and family essence is the willingness of the family to cause the firm to behave in a particularistic fashion. For instance, consider a family that has the ability to influence a firm through ownership and management but has no intention for intra-generational succession (essence), compared to a family that has the same ability to influence but has an intention toward intra-generational succession. Are these two firms the same? Should they be compared with each other? Chrisman et al. (2012) suggest that only when both ability and willingness are present should a firm be considered a family firm, and it is these firms that should be compared to non-family firms, and to other family firms. Moreover, definitions of the family firm that do not consider both ability and willingness as necessary conditions as the basis for a family firm definition will further contribute to varied results (De Massis, Kotlar, Chua, and Chrisman, 2014).

The second reason for the mixed results when comparing the performance of family firms to non-family firms is due to the variables used to measure performance. For instance, performance has been measured using the traditional accounting and financial measures such as profitability, return on investment and cash flow (Graves and Shan, 2014; Gottardo and Moisello, 2014; De Massis, Kotlar, Campopiano, and Cassia, 2013; Cucculelli and Micucci, 2008). However, these quantitative variables are not necessarily good comparative measures as they do not capture all the goals of family firms, since family firms also emphasize family centered non-economic goals such as family independence, family reputation and family harmony (Sciascia, Mazzola, and Kellermanns, 2014; Zellweger, Nason, Nordqvist, and Brush, 2013; Chrisman, Chua, and Sharma, 2005; Sharma, 2004). For instance, consider a family firm that employs a family member for a wage that is greater than market, thereby reducing profit. Comparing the profitability of this family firm to a non-family firm may not be appropriate, especially if employing a family member for higher than market wages is an intended goal (family centered non-economic) of the family firm.

The emphasis on family centered non-economic goals is a factor that differentiates a family firm from a non-family firm. Consequently, researchers have also devoted considerable efforts to better understanding the effect of family involvement on firm performance and behavior (Chrisman et al., 2012; Chrisman, Chua, and Litz, 2004). In recent years, studies have focused on non-economic goals in the family firm context (Cabrera-Suarez, Deniz-Deniz, and Martin-Santana, 2014; Deephouse and Jaskiewicz, 2013; Kotlar and De Massis, 2013; Zellweger et al., 2013; Cennamo, Berrone, Cruz, and Gomez-Mejia, 2012) through the concept of socioemotional wealth (SEW) as introduced and defined by Gomez-Mejia, Takacs-Haynes, Nunez-Nickel, Jacobson, and Moyano-Fuentes, (2007) as follows:

"SEW is defined as the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty " (Gomez-Mejia et al., 2007, p.106)

In essence, SEW represents the accumulated non-economic benefits that result from the pursuance of family centered non-economic goals (Chua, Chrisman, and De Massis, 2015). Put simply, SEW is a stock concept intended to explain why family firms behave differently from non-family firms. However, more must be learned about the flows that make up the stock of SEW (Chua et al., 2015). For instance, is the pursuit of family harmony (a flow) the same for all family firms? Do certain flows of SEW change or become more salient over the firm's life cycle? Are certain flows of SEW more important than others? In other words, the stock concept of SEW differentiates a family firm from a non-family firm, however in order to differentiate among different types of family firms, more must be understood about the flows of SEW.

Another factor that differentiates a family firm from a non-family firm is the strategic management decision of intra-family succession. As mentioned above, intra-family succession is the transfer of management leadership and / or control of the business from one family member to another and has been a core topic in family firm research (Debicki, Matherne, Kellermanns, and Chrisman, 2009). As will be discussed in the following chapter, a review of the family firm literature suggests that the majority of research on intra-family succession has focused on the antecedent factors that prevent or promote intra-family succession as well as the management of the succession process.

For instance, from a transaction costs perspective, some researchers have suggested that institutional factors such as tax laws may be a factor that either promotes or prevents intra-family succession (Bjuggren and Sund, 2001), while others have suggested that firm level factors such as sufficient financial resources and good firm performance are factors that promote intra-family succession (Stavrou and Swiercz, 1998; De Massis, Chua, and Chrisman, 2008). Individual and relational factors such as the willingness of the incumbent to step aside, the desire of the family to continue the business, and the trust in the abilities and integrity of the successor by the family are considered factors that promote the likelihood of intra-family succession. (Sharma, Chrisman, and Chua, 2003; Chrisman, Chua, and Sharma, 1998).

Regarding the management of the succession process, researchers have put forth a number of models of intra-family succession all with the intention of effectively managing and facilitating the intra-family succession process (Le Breton-Miller, Miller, and Steier, 2004; Murray, 2003). In essence, these models break down the intra-family succession process to phases such as: tasks and roles of family members, communication rules and parameters, and development of the successor. These models are invaluable as they acknowledge the complexities of the intra-family succession process. However, these models focus on *how* to manage the intra-family succession process without addressing *why* a family firm would even start the complex process of intra-family succession. The researcher is a practicing public accountant who has advised many family businesses during the intra-family succession process. One of the first steps that practitioners ask of family members involved in the intra-family succession process is to state the goals and objectives they desire. Requiring the involved family members to state their goals at the onset promotes consensus among the involved family members and provides a frame of reference that can be referred back to throughout the process. Generally, these goals can range from tax minimization to removing certain family members from the business.

At a minimum, family firms are different from non-family firms in terms of their emphasis on family centered non-economic goals and the fact that the strategic management issue of intra-family succession is unique only to the family firm. It is the element of family involvement with its non-economic / family concerns that differentiates the succession process in family firms from the succession process in non-family firms.

(1.2) Purpose for the Study

As mentioned above, the strategic management decision of intra-family succession and the emphasis on family centered non-economic goals are two elements that differentiate a family firm from a non-family firm. Moreover, the emphasis on family-centered non-economic goals may be a factor that differentiates the various types of family firms (Chrisman et al., 2012; Chua, Chrisman, Steier, and Rau, 2012).

Intra-family succession generally refers to the transfer of management and / or ownership of the business from one family member to another (Le Bretton-Miller et al., 2004). However, like many topics in social science research, there is a lack of definitional precision in regard to intra-family succession. For instance, does retaining one hundred percent ownership control with little or no family involvement in management constitute a transfer of the business from one family member to another? Alternatively, does a family retaining a minority ownership stake in the business while maintaining absolute managerial control constitute intra-family succession? Nonetheless, (as will be discussed in the following chapter) researchers continue to investigate the topic of intra-family succession by using operational criteria and definitions to guide their studies (Garcia-Castro and Aguilera, 2014; De Massis et al., 2008). Sharma et al. (2003) state that the key family members involved in the intra-family succession process are incumbents and potential successors. However, from the literature reviewed, the researcher could find no study that defined intra-family succession from the perspective of the incumbents or potential successors.

As previously discussed, significant attention has been devoted to intra-family succession, and in more recent years considerable efforts have been put forth to better understand the economic, non-economic and family centered goals of family firms. However, the researcher could not find a study which examines how these goals influence the decision of these firms to desire intra-family succession. Research on intra-family succession has focused mainly on the intra-family succession process without reference to the goals that the family firm wishes to achieve through intra-family succession. In other words, researchers have devoted considerable time and effort to help family firms manage the intra-family succession process without understanding the goals and objectives that the family firm wishes to achieve through intra-family succession. This gap in the literature has been stated by prominent family firm researchers as follows:

> *"We still do not know exactly where and how non-economic goals fit into the strategic equations of family firms" (Chrisman, Kellermanns, Chan, and Liano, 2010, p. 21).*

> *"Success in strategic management, including the management of intra-family succession, must be measured in terms of goal achievement" (De Massis et al., 2012 p. 30) yet the authors state that they "have not found any study specifically on the goals that family firms expect to achieve through intra-family succession that they believe they cannot achieve if leadership of the firm passes to a non-family member" (p. 30).*

This study will attempt to address some rather significant research gaps relating to two elements that differentiate a family firm from a non-family firm, namely intra-family succession and goals of family firms, specifically family centered non-economic goals. First, this study will attempt to define intra-family succession from the perspective of those family members involved in intra-family succession. Second, this study will identify and examine the intended goals that these family members wish to achieve through intra-family succession.

(1.3) Research Questions

To address the research problem outlined in the previous section, the following research questions will be offered:

1) How does the dominant coalition of the family firm define intra-family succession?

2) What goals does the dominant coalition of the family firm wish to achieve through intra-family succession that cannot be achieved through non-family succession?

3) Why are these goals important?

(1.4) Research Objectives

The following objectives will guide this study in answering the research question:

- To define intra-family succession from the perspective of the dominant coalition of the family firm.
- To identify the intended goals that family firms desire from intra-family succession that cannot be achieved through non-family succession.
- To examine the relationship between intra-family succession goals and the psychological personality traits of generativity and narcissism.

(1.5) Definition of Key Terms and Constructs

The following key terms and constructs will be used and referenced throughout this study:

Founder – a person who started the business.

Incumbent – a person who holds the top management position in a family business and who must relinquish leadership of the firm before another family member can take over.[2]

Potential Successor - any family member who may possibly assume managerial control of a family business when the incumbent steps down.[3]

Dominant Coalition - the powerful family members within the organization that influence the overall organizational agenda (Cyert and March, 1963). This study considers the dominant coalition of the

[2] As per De Massis et al. (2008).
[3] As per De Massis et al. (2008).

family firm to comprise founders, incumbents and potential successors.

Intra-Family Succession Goals (IFSGs) – the goals that the dominant coalition of the family firm wish to achieve through intra-family succession that could not be achieved through non-family succession.

Economic Intra-Family Succession Goals (E-IFSGs) – refers to those IFSGs that must be achieved in order to ensure the survivability of the firm post succession.

Intermediate Economic Intra-Family Succession Goals (IE-IFSGs) – are those IFSGs that if achieved have the potential to influence economic intra-family succession goals. For instance, increasing employee satisfaction may lead to improved operating efficiency.

Family Centered Non-Economic Intra-Family Succession Goals (FCNE-IFSGs) – are those IFSGs such as family harmony, family reputation and employment for family members that are unique only to the family firm due to the influence of the owing family.

Generativity – an individual's primary concern in establishing and guiding the next generation.[4]

Narcissism – represents an individual's self-assurance, self-esteem and satisfaction with oneself. Also referred to as healthy narcissism, as this form of narcissism is non-clinical and non-pathological.

(1.6) Approach

Yin (2009) suggests that pilot studies are useful when researching a relatively unexplored topic, and that it is appropriate to collect and analyze preliminary qualitative data and use the results to design the larger quantitative phase of the study. Given that this study investigates an unexplored topic, the objectives of the study will be achieved by the collection of qualitative and quantitative data. Qualitative data will be collected through case studies in order to identify the intended goals that family firms desire through intra-family succession. The goals identified will be used to formulate a structured questionnaire in order

[4] Erikson's (1963) theory of human development.

to collect the quantitative data to address the research questions and objectives stated above.

This study defines a family business using the theoretical definition offered by Chua et al. (1999) and this definition is operationalized using the constructs of ability and willingness as suggested by De Massis et al. (2014) as explained above. As will be discussed in the methods chapter of this study, the ability of the family to influence firm behaviour will be assessed using the dynamics of ownership, management and governance (Chrisman et al. 2012). Many researchers have referred to intra-family succession as a non-economic goal of family firms (Berrone et al., 2012; McKenny, Short, Zachary, and Payne, 2012; Sorenson, 1999). This study does not consider intra-family succession a non-economic goal of the family firm but rather a strategic management decision that is necessary in order to achieve intended goals. In line with De Massis et al. (2014) and Chrisman et al. (2012), this study considers intra-family succession as an indicator of a firm's willingness (essence), and will be determined in accordance with the dynamics of ownership, management and governance.

Sharma et al. (2003) and De Massis et al. (2008) suggest that the key family members involved in the intra-family succession process are founders, incumbents and potential successors. Accordingly, the survey respondents for this study will be those family members who are either a founder, incumbent or potential successor of a family firm, and throughout this study they will be collectively referred to as the dominant coalition. Further, the population of this study will be those respondents which satisfy both the ability and willingness conditions.

Zellweger and Nason, (2008) suggest that goals may have performance relationships that can be substitutional, synergistic, causal or overlapping. In terms of the intended goals which family firms desire from intra-family succession that cannot be achieved through non-family succession, the scope of this study will be limited to identifying these goals and to examine reasons why these goals are important. This study will not rank or prioritize these goals, nor will this study attempt to examine the performance consequences flowing from the pursuance of these goals.

To address the first research question of this study, respondents will be asked the extent to which they believe the family should retain ownership influence of the firm, management influence of the firm, and governance influence of the firm. The dynamics of ownership, management and governance have traditionally been used by family firm researchers as measures of a family's ability to influence the firm (De Massis et al., 2014; Chrisman et al., 2012; Astrachan, Klien, and Smyrnios, 2002) and therefore, it is appropriate to use these measures to define intra-family succession.[5] To address the second research question of this study, the intra-family succession goals identified from the qualitative phase of the study will be measured by asking the respondents to indicate the extent to which they agree or disagree with various statements relating to specific intra-family succession goals that can only be achieved through intra-family succession. To address the third research question of this study, the psychological personality traits of generativity and narcissism will be considered by testing the relationship between these traits and intra-family succession goals using simple linear regression. As will be discussed in chapter 3, previously validated constructs of generativity and narcissism will be used in this study.

(1.7) Contribution of the Study

The specific theoretical, analytical and methodological contributions of this study will be discussed in the following chapter. That said, the overall contribution of this study is to introduce and expand areas of fundamental knowledge necessary to the field of intra-family succession. Identifying intra-family succession goals will provide researchers the empirical measures to assess whether intra-family succession has been successful, as performance can only be measured against expected goals (De Massis et al. 2012). Further, family firm researchers have devoted considerable efforts to offering recommendations and developing models to manage the intra-family succession process. An understanding of the goals which are desired through intra-family succession may allow researchers to

[5] These three measures and their related items will be discussed in detail in chapter 3.

offer recommendations and develop models that increase the likelihood of these goals being achieved through intra-family succession. Also, defining intra-family succession through the lens of the dominant coalition of the family firm expands upon the operational definitions used by family firm researchers. By having a greater understanding of what intra-family succession means to family firms may allow researchers to use more consistent criteria to guide their intra-family succession investigations, which may contribute to greater comparability among studies, thereby increasing our understanding of intra-family succession.

(1.8) Structure and Content of the Thesis

There are 5 chapters in the thesis, and chapters 2 through 5 are summarized below.

Chapter 2 – Literature Review

Family firm research is relatively young compared to other disciplines in business and management. As such, an overview of the landscape of family firm literature is provided in this chapter. Research efforts in defining the family firm, intra-family succession and comparing the performance of the family firm to the non-family firm will be presented, as these topics have dominated the early landscape of family business research. Considerable efforts have been made toward building a theory of the family firm. An overview will be provided regarding how mainstream management theories such as agency theory, stewardship theory, resource-based view of the firm, dynamic capabilities and stakeholder theory have been used to advance the field of family firm research. Further, a discussion concerning the influence of the family on firm performance and behavior is provided by a review of the literature relating to the goals and objectives of family firms. From this, the research problem of this study will be presented as well as the theoretical background and hypotheses. Last, the contributions of the study will be discussed in the final section of this chapter.

Chapter 3 – Methodology

In this chapter, the research philosophies of positivism, interpretivism and postpositivism will be discussed, as well as the ontological and epistemological views of the researcher and the positivist research philosophy of this study. The research approach, design and methods of the study will also be presented. An explanation of how a cross-sectional design was selected using a mixed methods approach will be discussed in this chapter. The qualitative phase of the study will be explained, and the results will be presented in order to illustrate how these findings contributed to the quantitative phase of the research. The quantitative phase of the study will be introduced by presenting how the sample of this study was constructed by controlling for ability and willingness. The measurement tool of this study will be presented, specifically the measures used to define intra-family succession and to measure the level of agreement of the intra-family succession goals identified in the qualitative phase of the study. As well, the constructs used to measure generativity and narcissism will be presented. Last, results from the pretesting of the survey instrument and ethical considerations will be discussed.

Chapter 4 – Results

In this chapter, the findings of the quantitative data collected from the structured questionnaire are presented. Descriptive statistics will be used to illustrate the characteristics of the sample. Also, the general findings relating to the definition of intra-family succession from the perception of the dominant coalition, as well as the level of agreement of each intra-family succession goal will be presented. Last, to address the stated hypotheses of this study, simple linear regression results will be presented.

Chapter 5 – Discussion and Conclusion

In this chapter, the findings presented in chapter 4 are discussed in relation to the relevant family firm literature. The discussion of the findings will be presented in accordance with the four stated objectives of this study as outlined in chapter 1, and in relation to the family firm literature presented. The analytical, methodological and theoretical contributions of the study will be discussed. Last, the limitations of the study will be addressed, and directions for future research will be offered.

CHAPTER 2 – LITERATURE REVIEW

Family firm research lies within the research domain of entrepreneurship. Broadly speaking, entrepreneurship research examines the impact that entrepreneurs and entrepreneurial activities have on the economy. Small and medium sized businesses (SMEs) have dominated the entrepreneurship research landscape as these types of businesses by definition (as discussed below) captures over 98% of business organization in developed countries and family business are the dominant organization within the SME sector (Gersick, Davis, Hampton, and Landsberg, 1997).

This chapter has six parts. The first part of this chapter outlines the link between SMEs and family businesses (2.1). The second part of this chapter provides a general overview of the landscape of family business research from the early endeavors of defining the family business, intra-family succession and comparing the performance of family firms to non-family firms (2.2). The third part will review the research aimed at developing a theory of the family firm (2.3). The fourth part will outline the research problem this study (2.4), the contribution of the study will be presented (2.5) and summary (2.6).

(2.1) Small and Medium Sized Enterprises (SMEs) and Family Businesses

As mentioned in chapter 1, SMEs contribute significantly to the world economy; however, what exactly constitutes a SME varies from country to country. Many countries have a definition of SMEs for statistical and policy purposes. In Canada, there is not a uniform definition of a SME. Industry Canada defines a SME as a business with fewer than 500 employees with no reference to profits. Statistics Canada defines a SME as any business establishment with 0 to 499 employees and less than $50 million in gross revenue. In 1996, the European Union (EU) standardized the term SME and redefined it to an enterprise with fewer than 250 employees (Loecher, 2000). However, these rather large quantitative thresholds (>250 employees and < $50 million in sales) do not capture the true representativeness of the SME sector. For instance, Industry Canada's 2013 key small business statistics illustrate that 98 percent of Canadian businesses have fewer than 100 employees. Of these businesses, 75 percent have fewer than 10 employees and 55 percent have only 1 to 4 employees and these businesses employ 48 percent of the labour force and contribute to 23 percent of Canada's GDP. Similarly, according to 2014 UK Federation of Small Businesses, small firms (less than 50 employees) account for 99.3 percent of UK private businesses and these businesses contribute to 47.8 percent of private sector employment. Consequently, governments and researchers have further categorized SMEs to more specific units of analysis as "SMEs are becoming increasingly central to government growth strategies" (Visser and Chiloane-Tsoka, 2014, p. 427) as a company with more than 100 employees may have different regulatory obligations and policy implications than a business with fewer than 100 employees.

The European Union categorizes an enterprise with more than 50 employees as a medium business, an enterprise with more than 10 but fewer than 50 employees as a small business while an enterprise with fewer than 10 employees as a micro-business. In a similar vein, Statistics Canada, 2012 Business Register considers a business with fewer than 100 employees as a small business, and a business with more than 100 employees as a medium business. For the most part, the term SME delineates small companies from public and large companies and does not necessarily differentiate between medium, small or micro businesses. Nonetheless, an overwhelmingly majority of SMEs are not large (fewer than 100 employees) and the large majority of SMEs are family businesses (Poza, 2014; Mass and Diederichs, 2007).

(2.2) Family Firm Research

"Family-owned firms account for a large percentage of the economic activities in the United States and Canada." (Chua, Chrisman, and Steier, 2003 p. 331). For instance, the Family Firm Institute states that at least half of all companies in the US are family businesses and family firms account for two thirds of all businesses around the world. The scale of family firm activity in any developed economy is highly sensitive to the family firm definition selected (Westhead and Cowling, 1998) and accordingly, defining the family firm has been a dominant area of family firm research. As mentioned in chapter 1, the fundamental question asked by family firm researchers is what are the factors that differentiate a family firm from a non-family firm? In doing so, three categories have dominated the initial landscape of family firm research over the years: defining the family firm (2.2.1), intra-family succession (2.2.2) and comparing the performance of family firms to non-family firms (2.2.3). The following provides an overview of the research to date in each of these areas.

(2.2.1) Defining the Family Firm

"Family business researchers are confronted by a definitional dilemma" (Brockhaus, 2004 p. 172). Consequently, considerable efforts have been made by scholars to formulate a universally accepted definition of the family business. Defining the family firm should not be confused with those factors that differentiate a family firm from a non-family firm. For instance, family firm researchers agree family firms differ from non-family firms in terms of non-economic goals (Cabrera – Suarez et al., 2014; Berrone et al., 2012; Debicki et al., 2009; Chrisman et al., 2005; Sharma, 2004; Westhead and Cowling, 1998) and corporate governance (Randoy and Goel, 2003). However, defining the family firm as a specific unit of study has been a difficult task for researchers due to the various individual and organizational complexities of a firm with family involvement. For instance, the spectrum of family businesses is broad, from a local convenience store to Ford Motor Company. Formulating a definition that encompasses all family businesses with such unique organizational characteristics was the initial focus of family business researchers.

Initial research sought to identify family businesses in terms of ownership, management and control structures (Handler, 1989). This has led family firm researchers to suggest that a firm can be considered a family firm when 50% or more of the ownership of the firm is owned and controlled by family members (Henssen et al., 2011). For instance, in exploring family firm succession, Davis and Harveston (1998) used ownership as the single criteria for defining the family business, while Tan and Fock (2001) used intergenerational transfer of ownership/control as the defining criteria for investigating key success factors in family businesses. Moreover, Henssen et al. (2011) proposes that the construct of ownership not be confined to legal ownership but also be extended to psychological ownership when defining the family firm.

However the constructs of ownership and control are defined, these constructs alone fail to account for why some firms were identified by their owners or managers as a family business despite meeting any of the ownership, management and control criteria (Dunemann and Barrett, 2004). In this regard, Westhead and Cowling (1998) defined a family firm by whether or not the business considers itself to be a family business. This self-identification approach is limited because it relies only on the view of actually certain people in the business, and brings into question the criteria that people used to conclude that they were a family business. In a similar vein, Litz (2008) states that operational definitions are narrow, focusing exclusively on the business side of the family-business interface and are predominately static focusing on the family firm at a specific moment in time, thus definitional precision is inherently ill suited for a phenomenon as inherently vague as the family business. Although methodologically convenient (easier to measure and categorize a family firm using only the constructs of ownership and control) any definition of the family business must not only include the elements of family ownership and voting control but also the authority to make strategic decisions, intergenerational involvement and active involvement by family in the current management of the business (Astrachan and Shanker, 2003). As a result, family firm researchers have shifted their focus from formulating an all-encompassing definition of the 'family firm' toward gaining a better understanding of the influence and effect of family involvement on the firm.

Chua et al. (1999) suggest that without a theoretical definition of the family firm there is no standard for determining the validity of any operational definition used by researchers and such a definition becomes a matter of convenience. To this end, they offered the following theoretical definition of the family business based on behavior as the essence of a family business:

"The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua et al. 1999, p.25).

This theoretical definition builds on the initial matrix of family involvement through ownership, management and generational involvement by incorporating the factors of intention and vision as the essence of the family firm. In an attempt to capture the mode and extent of family influence on a firm, Astrachan et al. (2002) introduce a ready-to-use multi-dimensional scale that measures the level of family influence on a firm by using the subscales of power, experience and culture (F-PEC). The power construct consists of ownership, supervision (CEO and board participation) and management (influences day to day operations). The experience construct considers generation of family members involved in business. The culture construct considers the overlap between family and business values. This model has been tested and validated by Klein, Astrachan, and Smyenois (2005) as to the relevance and appropriateness of the constructs and its dimensions. Moreover, researchers have moved away from treating the family firm as a homogeneous group to developing models of different types of family firms based on family characteristics (Pieper and Klein, 2007; Dyer, 2006).

Unlike operational definitions as discussed above, theoretical definitions are methodologically challenging as it requires the measuring and operationalizing of constructs such as family involvement and family essence. Chrisman et al. (2012) empirically tested the constructs of family involvement (ownership, management and generational involvement) and family essence (intention, vision and commitment) and determined that family involvement and family essence are both associated with distinctive family firm behavior (adoption of family centered non-economic goals).[6] However, the

[6] The authors suggest that the adoption of specific family centered non-economic goals such as family harmony, family social status/reputation and family identity are unique to the family business as these goals would not be applicable to non-family businesses due to the absence of family influence. Family centered non-economic goals will be discussed in more detail later in this chapter.

authors also found that family essence partially mediates the relationship between family involvement and distinctive family firm behavior. This suggests that family involvement is antecedent to family essence (Dawson and Mussolino, 2014) and when defining the family firm consideration should be given to both family involvement and family essence. Defining the family firm using both family involvement and family essence will lead to a more thorough understanding of the family firm (Chua et al., 1999) promote more “consistent, reliable, and reconcilable empirical results” (Chrisman et al., 2012 p. 285) thereby contributing to developing a theory of the family firm (Chrisman et al., 2005).

Although many attempts have been made to define the family business, researchers have come to the realization that a universal definition of the term “family business” may never be widely accepted (Chrisman et al., 2012; Brockhaus, 2004). This is due not only to the lack of theoretical agreement amongst family business researchers, but also due to the fact that family businesses are contingent on the institutional legal frameworks, which differ from country to country (Allouche et al., 2008; Dyer, 2006). As will be discussed in detail later in this chapter, results have been mixed when comparing the family firm to the non-family firm in terms of various outcome variables such as behavior and performance. Research that does not consider both family involvement (ability) and family essence (willingness) as necessary conditions as the basis for a family firm definition will further contribute to varied results (De Massis et al., 2014). The authors suggest that it may no longer be appropriate to consider a firm a family firm where the family has the ability to influence but has no intention of intra-family succession (essence). Rather, only when both ability and willingness are present should a firm be considered a family firm, and it is these firms that should be compared to non-family firms and to other family firms.

Thus, not so important is formulating an all-encompassing definition of the family firm, rather it is the ‘family’ as a unit that is the defining element in the family firm context. It is the ability and the willingness of the family to exercise family specific behavior within the firm that must underpin any definition of the family firm. The following section will discuss intra-family firm succession - a vision and intention unique only to the family firm.

(2.2.2) Intra-Family Succession

Business succession is the transfer of management and / or control of the business. Intra-family succession (intergenerational succession) refers to the transfer of management and / or control of the business from one family generation to the next. Many studies state that only 30 percent of family firms survive to the second generation and only 10 percent survive to the third generation (Handler, 1994). As a result, given the economic significance of family firms it is only fitting that intergenerational succession has been one of the most researched topics in the family business field (De Massis et al., 2012; Debicki et al., 2009).

The desire of a founder to pass the business to the next generation has been referred to as the dynastic preference of the founder. A dynastic preference can be described as:

"the desire for an enduring monument to one's labours needs to be recognized formally when considering the preferences that govern the behavior of senior members of a family firm" (Casson, 1999 p. 17).

A dynastic preference should not be confused with altruism. For instance, a founder with three children will care for the wellbeing of all three children but may require only one child to take over the business and this will fulfill the dynastic preference of the founder. Many family firm researchers have considered the notion of dynastic preference (intra-family succession) as a non-economic goal of family firms (Gedajlovic, Carney, Chrisman, and Kellermanns, 2012; Zellweger, Nason, and Nordqvist, 2012; Gomez-Mejia, Cruz, Berrone, and DeCastro, 2011) while Chua et al. (1999) suggests that the degree to which family firms pursue non-economic goals is a key element in the uniqueness of a family firm. Thus, it is the element of family involvement with its emotions and non-business concerns that differentiates succession in family firms from succession in non-family firms (Sharma, Chrisman, and Chua, 1996).

Intergenerational succession is a process. This is a common theme in the academic literature and of family firm practitioners. As previously mentioned, the researcher is a practicing accountant in Canada who has advised family firms on many business matters, including succession planning. Consequently, the researcher has firsthand knowledge and experience of the intra-family succession process. It is from these experiences that the researcher offers that intra-family succession is at the very least a process.

One stream of research in entrepreneurship has been investigating the resistance of the founder toward succession (Mussolino and Calabro, 2014; Dyer, 1992; Lansberg, 1988). For instance, Mussolino and Calabro (2014) posit that the paternalistic view of a founder impacts the potential successor's view of the succession process. Invariably, these studies suggest that "succession planning is in direct conflict with the entrepreneur's needs for control, power, and meaning" (Dyer and Handler, 1994). This can be applied to the family business context as family firms' founders are entrepreneurs. On the other hand, Zacher et al. (2012) found that the existence of a succession plan was positively associated with the level of self-reported individual generativity of the family firm leader. Based on Erikson's (1963) theory of human development, the authors define generativity as the primary concern for guiding and caring for the next generation. Moreover, guiding and caring for the next generation (generativity) may also bring meaning and validation to one's life (McAdams, 1996). Therefore, the findings of Zacher et al. (2012) suggest that psychological personality trait of generality is a factor that motivates the firm leader to plan for intra-family succession. The majority of the academic literature on intra-family succession has focused on the various phases and dimensions of the succession process by exploring the perceptions and attitude of the incumbent, the potential successor, and other family members involved in the intra-family succession process (Sharma, 2004).

Founders and successors each play critical roles in the succession process although they attribute more importance to the others' role. Handler (1989) suggested that research needs to be directed toward determining the desirable successor attributes from the perspective of the firm founders. In interviewing family members Schlepphorst and Moog (2014) found that both 'soft' and 'hard' skills are necessary attributes of a successor. Sharma (2004) describes those necessary 'soft' skills being integrity, commitment to business, decision-making abilities, intelligence and self-confidence as desirable next-generation attributes from the viewpoint of the firm leaders whereas Brockhaus (2004) describes those 'hard' skills being items such as education, technological skills and financial management. In this same vein, other studies have examined the importance of age, sex and birth order in the selection process of a potential successor drawing no unified conclusions (Chrisman et al., 1998; Barnes, 1988). For the most part, these attributes and skills are wished by a parent for each child and despite their position as the firm leader they are confined by the emotions and rationale of being a parent (Ling, 2002). In a study of family firm leaders Sharma et al. (2003) found that firm leaders believe that the presence of a willing and capable successor was the catalyst of the succession process. This begs the question: In the eyes of the founder, what constitutes a *willing* and *capable* successor? In other words, how objective can the founder be in the assessment of a willing and capable successor given that these individuals (founders) are emotionally constricted as a result of their role as a parent, desirous of retaining family control of the business past their tenure (Astrachan et al., 2002) and more than likely have dynastic preferences. Thus, the findings of Sharma et al. (2003) can be challenged as the firm leader may not be completely objective in their assessment of the potential successor's willingness and capabilities of taking over management of the business.

Regardless of the ability of the founder to objectively assess the capabilities and willingness of a potential successor the successor must be willing to take over the business in order to have a successful transition. The willingness of the successor is paramount in the succession to the next generation of the family business (DeMassis et al., 2008; Sharma, Chrisman, Pablo, and Chua, 2001; Chrisman et al., 1998) thus researchers have explored factors that may contribute to an offspring becoming a willing successor (Parker, 2014; Sharma and Irving, 2005; Burkart, Panunzi, and Shleifer, 2003). Burkart et al. (2003) suggest that paying wages in excess of market to family members as a method of encouraging offspring to become a willing successor. More recently, Parker (2014) offers a behavioral economic rationale to address the willing successor problem. Parker posits through the lens of effort justification theory that a founder can guide offspring to certain choices that will increase the likelihood of the offspring to becoming a willing successor. The reasons why a child takes over the leadership of a family business are numerous. Offspring intentions to join or not to join the family business are significantly related to individual needs, goals, skills, and abilities (Stavrou, 1999). However, a child will be less willing to take over the family business if there is little or no support of other family members and if the family does not support a specific family member assuming the leadership role, succession is unlikely to occur (Brockhaus, 2004). This is parallel to the findings of Stavrou (1999) that the decision of a potential successor not to enter the family business is related to family issues and not to business issues. Given a willing successor, De Massis et al. (2008) put forth a conceptual model identifying individual, relationship, context and financial issues as antecedent factors that prevent intergenerational succession. However, these antecedent factors can also promote intergenerational succession. For instance, in examining effective successions, Sharma et al. (2003) suggest that initial satisfaction with the succession process in family firms is enhanced by the leader's propensity to step aside, the successor's willingness to take over and the agreement of family members to maintain the business. Therefore, business factors and human factors can prevent and promote intra-family succession.

From the discussion above it is clearly evident that the family firm is a complex entity and the root if its complexity stems from the family element. For instance, the inability to clearly define the family firm is a result of the 'family' element. Also, it is the 'family' element that brings so much complexity to the intra-family succession process.

(2.2.3) Performance of Family Firms to Non-Family Firms

Research in family firm performance has grown significantly in the past decade. In fact, more articles have been published on family firm performance than on family firm succession (Levie & Lerner, 2009). The preliminary studies into family firm performance focused on comparing the performance of the family firm to that of a non-family firm with performance being measured using traditional financial and accounting measures such as operating profitability, return on investment and return on assets. Initial studies focused on public companies and this is understandable as financial data is more readily available for quoted companies than unquoted companies. However, considering that less than one percent of all business structures in Canada, USA and the UK are quoted companies, these studies should not be generalized and applied to the family business organization. Accordingly, Astrachan and Zellweger (2008) suggest that to advance in the field of family firm performance it is appropriate for family business researchers to shift the focus toward private family companies. However, comparing the financial performance of private family firms to private non-family firm using traditional financial measures has a significant methodological limitation as access to private family firm financial data is not readily accessible. Nonetheless, many researchers have compared the performance of public family firms to public non-family firms (Vieira, 2014; Munoz-Bullon and Sunchez-Bueno, 2011; Allouche et al., 2008; Bennedsen, Neilson, Perez-Gonzalez, and Wolfenzon, 2007; Lee, 2006; Perez-Gonzalez, 2006; Villalonga and Amit, 2006; Anderson and Reeb, 2003; Gallo, Tapies, and Cappayns, 2000), as well as private family firms to private non-family firms (Graves and Shane, 2014; Gottardo and Moisello, 2014; Cuccelelli and Micucci, 2008; Chrisman et al., 2004) with mixed results.

For instance, using a sample from Standard & Poor's (S&P) 500, Anderson and Reeb (2003) suggest that founding-family owned companies outperformed non family firms in terms profitability measures of performance (ROA).[7] More specifically, the study found that family firms that have family member CEO's, outperform those same firms with non-family member CEO's. Similarly, in studying a representative sample of Japanese public companies Allouche et al. (2008) found that family firms experience better performance than non-family firms using the profitability measures of return on investment and return on assets. In a similar vein, Munoz-Bullon and Sunchez-Bueno (2011) found that

[7] Ownership was determined using the fractional ownership of the founding family and the presence of family members on the board of directors.

public Canadian family firms spend more on research and development activities than public Canadian non-family firms. In a sample of S & P 500 companies during the period 1992 to 2002, Lee (2006) found that family owned firms experience higher revenue growth and profitability than non-family firms. Further, the study suggests that firm performance improves when the founding family members actively participate in management.

However, other studies suggest that public non-family firms outperform public family firms. Gallo et al. (2000) compared large Spanish family firms to non-family firms and found that non-family firms experience better financial performance. Vieira (2014) found that public family firms have higher debt costs that public non-family firms and thus suggest that in an adverse economy public non-family firms will outperform public family firms. Whereas Villalonga and Amit (2006) completed a longitudinal study of fortune 500 family firms from 1994 to 2000 and investigated the impact that family control, management and ownership has on share value. The results were mixed. For instance, share value decreases when family control is in excess of family ownership, whereas family management increases share value only when the CEO is the founder of the firm. However, when the next generation of family members assumes the helm of CEO then share value decreases. In the same vein, the work of Perez-Gonzalez (2006) suggests that operating results decreases when the departing founding CEO is replaced by a family member compared to those firms that replace the departing founding CEO with a non-family member.

Researchers have also devoted efforts to comparing the private family firm to the private non-family firm. From a representative sample of small Italian family firms Cucculelli and Micucci (2008) found that maintaining managerial control within the family has a negative impact on firm performance. The study also suggests that post succession performance is greater when the managerial control of the firm is transferred to a non-family member as opposed to a family member. Chrisman et al. (2004) sampled 1,141 small firms comparing sales growth of family firms and non-family firms and not surprisingly found very little difference between family and non-family firms. De Massis et al. (2013) found that small family firms experience greater return on investment when equity ownership of the firm is concentrated amongst fewer family members. More recently, Graves and Shan (2014) found that private family firms experience better performance in an international market than private family firms, while Gottardo and Moisello (2014) found that private family firms are more leveraged than private non-family firms.

It is evident from the studies cited above that no definitive answer has been provided as to whether or not family firms experience better performance than non-family firms. There are two main methodological limitations family firm researchers put forth to explain these varied and ambiguous results. First, these studies all examined firm performance along the traditional financial measures such as profit maximization, return on assets and return on equity. However, "performance should be measured in light of a firm's goals" (Chrisman et al., 2012 p. 268) and family firms not only pursue economic goals but also have a strong desire to pursue non-economic goals such as family independence, firm survival, generational succession and family harmony (Berrone et al., 2012; Chrisman et al., 2012; Yu, Lumpkin, Sorenson, and Brigham, 2012; Chrisman et al., 2010; Sorenson, 1999) yet very few studies have incorporated these non-economic goals into their performance models (Chrisman et al., 2005). Second, across all these studies no common definition of the family firm is used (Henssen et al., 2011; Astrachan and Zellweger, 2008; Cucculelli and Micucci, 2008). In response, family firm researchers have more recently focused on gaining an understanding of the multidimensional goal set specific to family firms (Chua et al., 2015; Cabrera-Suarez et al., 2014; Berrone et al., 2012; Chrisman et al., 2012) and research efforts have moved away from comparing the family firm to the non-family toward gaining a better understanding as to the ways in which the family as a single unit affects firm performance and behavior (DeMassis et al., 2014; Jaskiewizc, Uhlenbruck, Balkin, and Reay, 2013; Chrisman et al., 2012; Astrachan and Zellweger, 2008; Pieper and Klein, 2007). In doing so, family firm researchers have relied on mainstream management theories such as agency theory, stewardship theory, resource based view of the firm, and stakeholder theory. The following section will review the application of each of these theories in the family firm context.

(2.3) Theories of the Family Firm

In an effort to gain an understanding as to what makes family firms different from non-family firms researchers have introduced mainstream management theories such as agency theory (2.3.1), stewardship theory (2.3.2) the resource based view of the firm (2.3.3) and stakeholder theory (2.3.4) to not only investigate topics such as corporate governance and strategy (Debicki et al., 2009) these theories have also been used with the aim of developing a theory of the family firm (Sharma, 2004) by examining the influence that the family has on firm performance and behavior (2.3.5).

(2.3.1) Agency Theory

Agency theory is the theoretical lens for explaining the relationship between the ownership and management of an organization. It is based on the idea that managers who are not owners will not watch over the affairs of a firm as diligently as owners managing the firm. This is a result of the inherent conflict of interest between the owner and the manager and is described by Ross (1973) as the principal-agent problem. At its core, agency theory is based on the view that man will act in an opportunistic manner and agency mechanisms are necessary to mitigate this behavior. Logic suggests that the principal-agent problem is eliminated once the interest of the owner and the manager are aligned. Consequently, organizations develop and design systems to reduce and/or eliminate the principal-agent problem. Jensen and Meckling (1976) introduced the term “agency costs” to include all activities, incentives, policies, and structures used by the firm to align the interests of the manager with the interests of the owner. For example, management bonuses based on a percentage of net income can be considered a mechanism to better align the interest of the owner and the manager.

Researchers have suggested that family firms have lower agency costs than non-family firms as a result of the inherent alignment of the owner and manager as they are usually one the same (Jensen and Meckling, 1976; Schulze, Lubatkin, Dino, and Buchholtz, 2001). This view has been supported by empirical studies comparing the compensation of family CEOs to non-family CEOs. These studies have found that family firms pay non-family CEOs considerably more than family CEOs (Gomez-Majia, Larraza-Kintana, and Makri, 2003; McConaughy, Walker, Henderson, and Mishra, 1998). Further, McConaughy (2000) also found that founding-family CEOs pay is less sensitive to performance than that of a non-family CEO. These findings led agency theorists to suggest that family firms may experience superior performance than non-family firms due to lower agency costs. Agency problems arise from transactions between any two groups of stakeholders (Chrisman et al., 2004). Given that agency costs are incurred in an attempt to align the interest and goals of stakeholders, it is obvious that a family firm that is owned and managed by the same individual will not experience agency costs. Moreover, according to these studies agency costs will be minimal when ownership and management of the family business is shared amongst family members. (Fama and Jensen, 1983).

In contrast to the view that family firms enjoy lower agency costs is the alternative view that family firms may not necessarily have lower agency costs due to the fact that these firms can be breeding grounds for relationships fraught with inherent conflict (Dyer, 2006). Researchers have suggested that agency behaviour in a family firm is not a result of the traditional principal-agent conflict, but rather it is due to the dynamics and complexities of the interaction of two social systems – the family and the business. From a sample of small privately held family firms, Chrisman, Chua, Chang, and Kellermanns (2007) found that firms monitoring family managers with incentives obtain higher performance outcomes, therefore suggesting agency behavior in these firms. Family specific agency problems arise when the interests of the family executive do not coincide with those of the extended family as all families have internal conflict and these conflicts are more likely to be magnified in the context of the family firm. Dyer (2006) states that differing views within the family about the distribution, compensation, risk, roles, and responsibilities make the family firm a battleground where family members compete with one another.

Researchers have suggested altruism as the underlying factor of agency behaviour in family firms (Schulze et al., 2003). Altruism, by definition, is the unselfish concern for the welfare of others. Altruism makes it difficult for families to effectively monitor family members who work in the firm (Dyer, 2006). Schulze et al. (2001) found empirically that family firms with governance structures that control for altruism outperform those family firms without similar governance structures. In a study of Spanish family firms, Gomez-Majia et al. (2001) found that these firms were more inclined to fire a non-family CEO than a family CEO. They also found that when a family CEO was replaced, the firm experienced improved performance. The implication is that family owners, as a result of altruism, are unwilling to monitor and discipline their family CEOs (Dyer, 2006).

The hesitancy of family members to monitor and discipline family managers may result in management entrenchment. Management entrenchment permits managers to extract private benefits from owners, and may result in reduced firm performance (Gomez-Mejia et al., 2001). Empirical research on whether or not management entrenchment has a positive or negative impact on family firm performance has yielded mixed results (Randoy and Goel, 2003; Gomez-Mejia et al., 2001). Like many family firm performance studies these mixed results are due to the methodological and definitional limitations inherent in the field of family business which will be discussed in more detail later in this chapter. However, these studies illustrate that non-family firms are not hamstrung by altruism, and hence they are more willing and able than family firms to replace management when financial performance is deemed to be unacceptable (Dyer, 2006).

It is evident from above that no definitive conclusion can be made as to whether or not family firms experience higher or lower agency costs than non-family firms. However, agency theorists suggest that agency behavior in family firms is different than agency behaviour in non-family firms in two ways. First, family firms are restricted by altruism and this is not the case in non-family firms. Second, the interplay of two social systems – the family and the business is also a source of agency behavior in family firms (Dyer, 2006).

Agency theory argues that owners want to maximize profits, and managers may prefer to engage in activities that promote their self-interest. However, family firms have a strong desire to pursue non-economic goals (Cabrera-Suarez et al., 2014; Berrone et al., 2012; Chua et al., 2003). For instance, if a goal of a family business owner is to provide employment for family, then employing an unproductive family member would not be an agency cost, although it would be for a non-family firm (Chua et al., 2003). Thus, agency theory should only be applied to the family firm context as long as the set of goals and objectives proposed for the firm allows for both economic and non-economic benefits. For instance, poor financial performance may not be the result of an agency problem in a family firm if the family owners wish to use financial resources to satisfy a non-economic goal such as employing a family member at a greater than market wage. In this regard, stewardship theory has been offered as an alternative lens to examine family firm performance and behavior.

(2.3.2) Stewardship Theory

Stewardship theory implies that managers just want to do a good job and will act as a responsible stewards over the assets they control. For instance, "given a choice between self-serving behaviour and pro-organizational behaviour, a steward's behaviour will not depart from the interests of his or her organization" (Davis, Schoorman, and Donaldson, 1997 p. 24) as a steward is not motivated by individual goals. Unlike agency theory, which argues that organizational performance variations is the result of the principal-agent problem stewardship theory suggests that performance variations "arise from whether the structural situation in which the executive is located facilitates effective action by the executive" (Donaldson and Davis, 1991 p. 51). Put simply, stewardship theory argues that organizational performance variations is not the result of the executive/manager behaving in a self-serving manner. Rather, stewardship based arguments suggest that managers may be motivated by non-financial factors such as personal identification and duty to the organization.

Corbetta and Salvato (2004) suggest that man is either self-serving or self-actualizing, and given that the family influences firm behaviour and culture (Astrachan et al., 2002; Dyer 2006) a firm can be influenced by either a "self-serving, economically rational man postulated by agency theory, or the self-actualizing, collective serving man suggested by stewardship theory" (Corbetta and Salvato, 2004 p.357). Thus, when a family firm is influenced by the self-serving man then agency behaviour will exist in the firm and when the family firm is influenced by the self-actualizing man then stewardship behavior will exist in the firm. Thus, it is clearly evident that stewardship theory and agency theory provide a contrary view of organizational governance in family firms.

Miller and Le Breton-Miller (2006) use these opposing theories in the family firm context to reconcile why some perform well and others perform poorly. Through the dynamics of family ownership, family management and involvement of multiple family owners the authors propose financial performance outcomes based on the consequences of stewardship and agency behaviours. For instance, a high concentration of family ownership will result in higher financial returns due to the combination of lower agency costs and stewardship behavior. Conversely, family control with little ownership may result in poor financial returns due to less stewardship behavior. The authors propose many potential performance outcomes resulting from agency and stewardship consequences but none are empirically tested. Moreover, the authors considered only financial performance outcomes even though it is widely accepted that family firms emphasize non-economic outcomes.

It is widely agreed amongst family firm researchers that family firms emphasize economic and non-economic goals (Cabrera-Suarez et al., 2014; Berrone et al., 2012; Chua et al., 2003) and stewardship theory may be an appropriate lens to explain family firm behaviour when importance is placed on non-economic goals Corbetta and Salvato, 2004). The authors suggest that agency behavior is more likely to exist when the firm places importance on economic goals and stewardship behaviour is more likely to exist when the firm places importance on non-economic goals. In this regard, Drakopoulou and Dyck (2015) present a typology of family firms and include in their typology a 'stewardship family firm' suggesting that these firms place greater emphasis on non-economic goals such as family and firm reputation. This is not to suggest that stewardship theory predicts that firms do not wish to maximize profits, rather stewardship theory suggests that a steward's utility is maximized when acting in the organizations best interest, which may be the maximization of profits. Therefore, altruism must be a key element of stewardship.

Le Bretton-Miller, Miller, and Lester (2011) define stewardship as "human caring, generosity, loyalty, and responsible devotion, usually to a social group or institution" (p. 705) which in essence suggests that a steward is altruistic. "Altruism in the stewardship framework is that of unselfish concern and devotion to others without expected return" (Corbetta and Salvato, 2004 p. 358). In this regard, Eddleston and Kellermans (2007) found that altruism reduces family conflict and promotes a participative (collective) firm strategy and this has a positive impact on firm performance. Conversely, Chrisman et al. (2007) found that private family firms do in fact monitor family managers, suggesting the presence of agency behavior. However, these studies do not capture the entire family business reality as family firms pursue non-economic outcomes, and these studies measure performance using purely economic measures. Nonetheless, Chrisman et al. (2007) do not reject the presence of stewardship behavior as they state "the behavior of family managers may lie along a range of behaviors bounded at one end by a pure stewardship theory where agency behavior among family managers is completely absent, and bounded at the other end by a pure agency cost theory where family managers act entirely in their economic self-interest" (p. 1032). Therefore, given that family firms emphasize non-economic goals and altruism is a key component of the stewardship perspective it would seem logical to suggest that at some level stewardship must exist in family firms.

Agency theory and stewardship theory represent two rather opposing views of family firm governance. Both theories attempt to explain how firm governance impacts firm performance and behavior in order to better understand the differences between a family firm and a non-family firm. The following section will discuss the resource based view of the firm as another lens to better understand the factors that differentiate a family firm from a non-family firm.

(2.3.3) Resource Based View and Dynamic Capabilities

The underlying belief of the resource based view is that an organization's competitive advantage is dependent on the resources available to the organization. A resource, as described by Daft (1983), includes all of an organization's assets, capabilities, organizational processes, firm attributes, information and knowledge. An organization will have a competitive advantage when the resources of the organization generate value not otherwise generated by a competing organization. A competitive advantage is maintained by a firm when its competitors cease in their attempts to obtain the same competitive advantage (Rumelt, 1984). Barney (1991) suggested that an organization can earn significant rents from resources to the extent that these resources are valuable, rare, imperfectly imitable, and non-substitutable. Given that family firms have been described as having complex, dynamic and unique intangible resources - being the 'family' (Habbershon and Williams, 1999) - the resource based view is an appropriate theoretical lens to analyse the family firm.

In the context of the family firm, the resource based view has provided insight into whether the family itself represents a unique resource that may contribute to a family firm's competitive advantage. Although some family businesses suffer from agency behavior, such as opportunism by family members, and some family businesses are marginal businesses that generate modest financial rewards, many do create a competitive advantage as a result of their familiness (Levie and Lerner, 2009). The resource based view suggests that human capital is a most valuable and inimitable resource and "thus family human capital is most likely to be a source of sustained competitive advantage for firms" (Dawson, 2012 p. 7). Researchers have suggested that the 'family' in and of itself is a unique and valuable resource that may contribute to a competitive advantage for the firm – this family capital concept has been coined by family firm researchers as "distinctive familiness" (Irava and Moores, 2010; Zellweger, Kimberly, and Kellermanns, 2010; Pearson, Carr, and Shaw, 2008; Hayton, 2006; Sirmon and Hitt, 2003; Habbershon, Williams, and MacMillan, 2003; Chrisman, Chua, and Zahra, 2003; Habbershon and Williams, 1999). In an attempt to bring some clarity and meaning to the familiness construct, Pearson et al. (2008) suggest that the construct of 'familiness' has three dimensions: structural (network ties); cognitive (shared vision, shared language); and relational (trust, norms, obligations). Whereas, Sirmon and Hitt (2003) outline five sources of family firm resources as illustrated in Table 2.1 below.

Table 2.1 – Sources of Family Firm Resources

Human	Acquired knowledge, skills, and capabilities of a person
Social	Resources embedded in network, accessed through relationships
Survivability	Pooled personal resources family members loan, contribute, and share with business
Patient	Invested financial capital without threat of liquidation
Governance	Costs associated with control of firm; examples include incentives, monitoring, and controls

Source – Sirmon and Hitt (2003) - Uniqueness of Resources and Attributes of Family Firms

Although the construct of familiness has been defined and conceptualized slightly differently amongst family firm researchers, the underlying theme is that the family in and of itself represents a unique resource available only to the family firm. Put simply, the 'family' is a firm specific resource / asset of the family firm. However, not so important is how the construct of 'familiness' is defined or conceptualized, rather, how does familiness impact family firm performance and behavior?

In this regard, Habbershon et al. (2003) suggest that a firm's resources can be categorized as physical capital, human capital, organizational capital and process capital. However, the authors extend this to the family firm context and suggest that family firms have a 'family factor' - being the constant interaction of the family business with family members and this interaction creates an idiosyncratic pool of resources and competencies unique only to the family firm. This 'family factor' can have a negative (constrictive) or positive (distinctive) impact on any of the resources available to the family firm. As such, the authors put forth the notion of *distinctive familiness* to describe when 'family factors' have a positive impact on firm resources, thus contributing to the competitive advantage of the family firm. Levie and Lerner

(2009) found no performance differences between family and non-family firms when controlling for human capital, however, they found significant differences in resource selection between family and non-family firms. The authors found that family firms are more willing to accept an employee with lower human capital as long as that employee is family. This finding supports the work of Sirmon and Hitt (2003) that family firms evaluate resources differently than non-family firms and the most important resource to a family firm is human capital.

The resource based view of the firm has also been used in the context of intergenerational succession of the family firm. This line of research has revolved around a key question: What resources and capabilities should one generation hand over to the next? Several authors have suggested that entrepreneurial attitude, integrity and commitment are critical factors that must be maintained after firm succession (Tan and Fock, 2001; Sharma and Rao, 2000). Further, the concept of tacit knowledge transfer in succession has also been investigated (Chrisman et al., 2003; Cabrera-Suarez, Saa-Perez, Almeida, 2001). Tacit knowledge is those individual skills and characteristics (leadership, emotional intelligence, intuition, humor) that contribute to a firm's competitive advantage. Thus, the ability of the firm to transfer tacit knowledge is vital in maintaining a competitive advantage across generations (Cabrera-Suarez et al., 2001). However, unlike explicit knowledge that is easily transferred, people are generally not aware of the tacit knowledge they possess, as a result, transferring tacit knowledge onto another individual is problematic at best, thereby making the process of intergenerational succession that much more difficult.

Nonetheless, some family firms have the ability to generate value from one generation to the next and invariably, these firms have maintained, fostered and transferred inimitable resources. Chirico and Nordqvist (2010) refer to those family firms that generate value across generations as *entrepreneurial family firms* and these types of family firms represent a vital unit of study and researchers must move away from considering family firms as a homogeneous group (Miller and LeBreton-Miller, 2005). The resource-based view has been a valuable tool in determining the components and constructs of a family firm's unique resources (familiness); however, it does not provide the appropriate lens to examine how family firms manage and reconstruct these firm-specific resources over time.

The resource based view is a static paradigm. In other words, the resource based view does not consider that a firm must modify and reconfigure these unique and inimitable resources in order to ensure a long-term competitive advantage. The dynamic capabilities approach examines the ability of a firm to modify and reconfigure unique resources over time (Teece, Pisano, and Shuen, 1997) in order to maintain a competitive advantage. Dynamic capabilities are a "firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments" (Teece et al., 1997 p. 516). Accordingly, the dynamic capabilities approach can be viewed as an expanded paradigm of the resource based view.

The dynamic capabilities approach suggests that it is not enough for a firm to have unique and valuable resources at a point in time; rather, a firm must continually modify and reconfigure in order to maintain its competitive advantage in an ever changing market place.

> *"Dynamic capabilities are idiosyncratic in family business since they result from the strong interaction among the family, its individuals, its individual members and the business. Indeed, the interaction of the two interrelated social systems – i.e. the family and the business – allows family members to participate at the same time in the family and business life, thus influencing both positively and negatively resource-recombination processes" (Chirico and Nordqvist, 2010 p. 489).*

Thus, the dynamic capabilities approach seems to be a well suited paradigm to examine those family firms that have the ability to generate value from one generation to the next. Specifically, how these firms modify and reconfigure valuable and firm specific resources – 'distinctive familiness'.

Considerable research has been devoted to examining the dynamic capabilities of firms (Arend, 2014; Corner and Wu, 2012; Eisenhardt and Martin, 2000) and more recently, research has been devoted to examining the dynamic capabilities of family firms (Carnes and Ireland, 2013; Chrisman, Sharma, Steier, and Chua, 2013; Penney and Combs, 2013; Chirico and Nordqvist, 2010). The dynamic capabilities approach offers researchers many promising areas of enquiry that will provide a deeper understanding of how *entrepreneurial family firms* (i.e. those firms that have the ability to create wealth across generations) modify and reconfigure valuable and inimitable resources to maintain a competitive advantage. For instance, Chirico and Nordqvist (2010) suggest that a paternalistic culture (closed to making changes – constrictive familiness) will negatively influence the dynamic capabilities of the family firm, while a culture of entrepreneurial orientation (attitude to improve and advance – distinctive familiness) will positively influence the dynamic capabilities of the family firm. In a similar vein, through the constructs of cohesion and adaptability, Penney and Combs (2013) propose that a family structure is either rigidly disengaged (low adaptability and low cohesion) or flexibly connected (high flexibility and high cohesion). The authors posit that a rigidly disengaged family structure will cause the family firm to be less able to identify the need for innovation compared to a flexibly connected family structure. This is consistent with the work of Carnes and Ireland (2013) that suggests distinctive familiness influences the dynamic capabilities of the family firm. The authors suggest that distinctive familiness has a positive effect on resource enrichment and find that distinctive familiness can stimulate the innovativeness of the family firm. Put simply, the 'family' is key to the firm's ability to modify and reconfigure resources in order to sustain a competitive advantage. Extending this line of enquiry, researchers could examine whether or not family firm culture is static. For instance, Chirico, Nordqvist, Colombo, and Mollona (2012) posit that paternalism in family firm gets stronger as the firm ages, thereby negatively affecting the firm's dynamic capabilities. Researchers could examine if there are any internal or external factors that cause a paternalistic family firm (rigidly engaged) to becoming an entrepreneurial oriented family firm (flexibly connected), or conversely, factors that cause an entrepreneurial family firm (flexibly connected) to becoming a paternalistic family firm (rigidly engaged), thereby increasing or decreasing their dynamic capabilities, respectively.

As outlined above, the resource based view has provided family business researchers a deeper understanding of the sources of a firm's competitive advantage. Moreover, the dynamic capabilities approach is a useful lens to examine how family firms modify and reconfigure unique, inimitable and non-substitutable firm specific resources. The importance of the 'family' in the family business context cannot be ignored as the one common theme from the review of the literature to this point is that it is the 'family' that makes the family firm unique and distinctive from non-family firms. For instance, agency theorists suggest that agency behaviour in family firms is the result of the interplay of two unique social systems - the family and the business. In a similar vein, the resource based view suggests that the family in and of itself represents a unique and inimitable resource (distinctive familiness) that may contribute a family firm's competitive advantage. However, like agency theory, the resource based view and dynamic capabilities approach do not provide a framework to examine the interplay of the family and the business. Thus, given that the 'family' is a unique stakeholder in the family firm context family firm researchers have suggested stakeholder theory as an appropriate lens to examine the family firm.

(2.3.4) Stakeholder Theory

Stakeholder theory implies that an organization's performance is dependent upon the ability of management to anticipate and satisfy the needs of their stakeholders. A stakeholder is "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984 p.46). A fundamental thesis of stakeholder-based arguments is that organizations should be managed in the interest of all their constituents, not only in the interest of shareholders (Laplume, Sonpar, and Litz, 2008). As outlined by Pfeffer (2009) stakeholder theory can be explained by understanding the difference between the concepts of shareholder capitalism and stakeholder capitalism. Shareholder capitalism occurs when an organization emphasises profitability in order to maximize shareholder value, thus the success of the organization is measured by dividends and share price. In contrast, stakeholder capitalism occurs when the organization emphasises the needs and goals of the various stakeholders and therefore, the success of an organization is measured by the ability of the organization to satisfy the varying needs of all stakeholders.

To satisfy stakeholder needs an organization must first determine who the stakeholders are and which stakeholders are most important. The latter is the more challenging aspect of any stakeholder analysis as researchers generally agree with Freeman's broad view that any person, group, organization and institution can be a stakeholder. However, what is more important is for management to determine the most important stakeholders. This is referred to as stakeholder saliency theory. Stakeholder saliency is the degree to which managers give priority to competing stakeholder claims (Zellweger and Nason, 2008).

Various criteria have been used by researchers to identify stakeholders. For instance, Mitchell, Agle, and Wood, (1997) put forth a typology of stakeholder identification based on the attributes of power, legitimacy and urgency. The authors propose that stakeholder saliency will be positively related to the sum of these stakeholder attributes (power, legitimacy and urgency) perceived by managers to be present. This typology has the potential to explain how the different players, through the interplay of their stakes, power, legitimacy and urgency can impact organizational goals (Chrisman et al., 2005). Although this model considers stakeholders that have a legitimate claim in the organization, it is vague and fraught with much ambiguity and interpretation (Orts and Strudler, 2002). For instance, the legal constructs of power will rely on a stakeholder's rights based on contracts, whereas a managerial interpretation of power is based on the relational aspects between stakeholders and the organization (Fassin, 2008). Philips (2003) takes a broader view and classifies stakeholders as either normative or derivative stakeholders. A normative stakeholder can have a financial, legal or moral stake in the organization (e.g. employees, financiers, community and customers) which in turn causes the organization to have an obligation to a normative stakeholder. A derivative stakeholder (e.g. a competitor) can affect the organization but the organization only needs to give consideration to a derivative stakeholder. In any case, in the context of the family firm, no matter which criteria is being used to identify the stakeholders of the family firm, the 'family' will undoubtedly be identified as a stakeholder.

As previously stated, stakeholder theory challenges traditional economic theories that state profit maximization is the sole objective of a firm. Therefore, it is not surprising that stakeholder theory is predominately discussed in the literature on corporate social responsibility and business ethics. In this vein, many family business researchers have suggested that the family firm is an ideal context for the application of stakeholder theory (Laplume et al., 2008; Astrachan and Zellweger, 2008; Sharma, 2004) with the underlying justification being that family firms have a unique and salient stakeholder – "the family".

The potential relevancy of stakeholder theory in the family firm context is twofold. First, given that family firms emphasize non-economic and economic goals (Cabrera-Suarez et al., 2014; Berrone et al., 2012; McKenny et al., 2012; Basco and Rodriguez, 2009; Chrisman et al., 2005; Sorenson 1999) stakeholder theory may be helpful in explaining the economic and non-economic goals and objectives of the various stakeholders of the family firm (Sharma, 2004). Second, the uniqueness of the family firm is the interplay of two systems, the business system and the family system. In other words, family firms have a distinct and unique stakeholder – the family (Dyer and Dyer, 2009). Stakeholder theory can capture what agency theory and the resource based view of the firm do not - the reciprocal influence between the family and the business, different goal systems and distinct performance management requirements (Wargitsch, 2008). Further, within the family stakeholder group can be individual family members who play multiple stakeholder roles such as manager and family member and it can be expected that family firms have a higher incentive to ensure the particular satisfaction of the related individual stakeholders and stakeholder groups (Zellweger and Nason, 2008). The authors also suggest that stakeholder theory can be a useful lens to explain how various performance goals can satisfy multiple stakeholders as the family firm must attempt to satisfy the economic and non-economic needs and desires of the various family stakeholders. Research has been put forth since Sharma's call to use stakeholder theory in the family firm context (Hauswald and Hack, 2013; Mitchell, Agle, Chrisman, and Spence, 2011; Huang, Ding and Kao, 2009). Mitchell et al. (2011) state that the legitimacy of family members as stakeholders is based on heredity thereby suggesting that a family firm continually operates at the 'family-business' intersection. Consequently, the authors suggest that family firms manage various stakeholder claims differently than non-family firms as a result of the economic and non-economic goals of the family stakeholder group. In a similar vein, Hauswald and Hack, (2013) suggest that the desire of a family firm to pursue non-economic goals increases the benevolent behavior of the firm toward all stakeholders. Chrisman et al. (2012) rely on stakeholder theory to suggest that the family as a stakeholder influences the adoption of non-economic goals. Whereas, Kellermans, Eddleston, and Zellweger (2012) suggest that the pursuit of non-economic goals may have a negative effect on stakeholder management. Most interesting is the finding of Huang et al. (2009) that family firms pay more attention to internal stakeholders than do non-family firms. This study provides some preliminary support and justification for the relevancy of stakeholder theory in the family firm context given that the family can be considered an internal stakeholder as the family has the ability to influence the decisions of the firm.

In summary, agency theory, stewardship theory, the resource based view of the firm and stakeholder theory have been used by family firm researchers to explore topics such as strategy, succession, governance, performance and behavior of the family firm (Discua Cruz, Howorth, and Hamilton, 2013; Block, 2012; Levie and Lerner, 2009; Sirmon and Hitt, 2003; Gomez-Mejia et al., 2001; Sheifer and Vishny, 1997). However, to date no conclusive evidence has been offered to suggest that family firms experience superior performance as a result of lower agency cost or a sustained competitive advantage (Le Breton-Miller, Miller, and Bares, 2015) as the limitation of agency theory and the resource based view in the family firm context is the assumption that a firm's sole objective is profit maximization

(Chrisman et al., 2005).

No matter which theoretical lens is used to examine which factors make the family firm different from a non-family firm, one thing is for certain – the 'family' is a factor that makes the family firm unique. For instance, in attempts to define the family firm, it is the family that is the source of ambiguity and complexity. In terms of intra-family succession, the family element is what causes the succession process in family firms to be different than the succession process in non-family firms. Moreover, agency theorists suggest that agency costs in family firms is a result of altruism, whereas stewardship theorist suggest that altruism is a key element of stewardship behavior. The resource based view and dynamic capabilities approach suggests that the unique and inimitable resource of a family firm is the family itself – constrictive familiness. Thus, it all points to the family. In recent years stakeholder theory has gained traction in the family business context as it is widely agreed by researchers that family firms have a unique stakeholder being the family. Moreover, given that goals and objectives are drivers of firm performance and behavior Astrachan and Jaskiewicz (2008), the unique goals and objectives of the family are factors that differentiate a family firm from a non-family firm, as well as explain differences amongst family firms. (Chrisman et al., 2012). The following section will review the literature on goals and objectives of family firms which will lead to the research problem of this study.

(2.3.5) Goals and Objectives of Family Firms

The behavioral theory of the firm suggests that all firm managers pursue economic and non-economic goals, as stakeholders of a firm have a diverse set of goals (Cyert and March, 1963). Given that the family is a unique stakeholder to the family firm, a comprehensive scale that measures the performance of family firms along various business and family economic and non-economic dimensions will need to be developed and validated in order to increase our understanding of family firm performance and behavior (Sharma, 2004). As stated earlier in this chapter, family firm researchers have proposed that family firms pursue economic and non-economic goals (Chua et al., 2015; Liang, Xiaoya, Lihua, and Zhiyu, 2014;

Kotlar and De Massis, 2013; Yu et al., 2012; Chrisman et al., 2010; Klein and Kellermanns, 2008). However, very few researchers have actually defined exactly what is meant by economic and non-economic goals in the family firm context. Therefore, it is important to understand the differences between these two terms and not simply assume their respective meanings. The term economic goals refers to items such as profitability, return on assets, return on equity, cash flow, increased market share and operating efficiency. Thus, economic goals are not unique to family firms as all firms need to pursue economic goals to some extent simply to ensure survivability. The term non-economic goals can take on many meanings and therefore these goals are also not necessarily unique to family firms. For instance, a firm may have non-economic goals such as employee satisfaction, community involvement and environmental awareness. These 'non-economic' goals can be viewed as intermediate economic goals, as the achievement of these goals may lead to greater economic returns. For instance, high levels of employee satisfaction may lead to greater operating efficiency, which in turn, generates greater financial profits. Thus, both family and non-family firms may pursue these types of non-economic goals. However, non-economic goals such as family harmony, reputation of the family with the firm, employment of family members and the firm as a family legacy are examples of non-economic goals unique only to the family firm, (Cabrera-Suarez et al., 2014; Sorenson, 1999; Westhead and Cowling, 1997) and accordingly, can be referred to as family centered non-economic goals (Chrisman et al., 2012). Moreover, given the governance constraints of public corporations coupled with the fact that ownership of public entities is generally widespread, the ability of a public family firm to pursue family specific non-economic goals is limited. Therefore, for the most part, the term family centered non-economic goals is more applicable to private family firms as opposed to public family firms.

Westhead and Cowling's (1997) examination of UK privately held family firms found that these family firms did not report superior performance along the traditional accounting measures of performance. However, the most interesting aspect of the study was the suggestion that private family firms have a definite focus on specific family centered non-economic goals. Some "family agenda" variables tested in the study included independent firm ownership and employment for family members. Sorenson (1999) developed a scale to measure family outcomes, such as family independence and satisfaction, respect in the community, family unity, quality of life, money available for family, and child and business development. More recently, in an effort to develop a typology of small family firms, Basco and Rodriguez (2009) used economic and non-economic dimensions to classify family firms. The authors developed four types of family firms: family first (strong view toward family centered non-economic goals), business first (strong view toward economic goals), immature family enterprise (weak view toward economic and family centered non-economic goals) and family enterprise (strong view toward economic and family centered non-economic goals). A potential shortcoming of this typology is that it suggests that an immature family enterprise is not concerned with survivability as they have a weak view toward economic goals. That being said, the studies cited above are extremely valuable as they are moving the field of performance research in private family firms in a direction that considers non-economic performance dimensions. Nonetheless, more research in this area is necessary to develop a complete theory of the family firm (Yu et al., 2012; Chrisman et al., 2010; Klein and Kellermanns, 2008).

In their review of management journals between 2001 and 2007 which were family firm focused, Debicki et al. (2009) state that family firm researchers have devoted very little attention to the economic and non-economic goals of family firms. The authors quantifiably illustrate that less than 3 percent of all the family business published articles during this period covered the topic of goals. More recently, in their review of major family business research papers between 1996 and 2010, De Massis et al. (2012) illustrate that less than 1 percent of strategic management articles considered goals and objectives as the primary topic of investigation. However, the good news is that in recent years the family firm research community has devoted more efforts toward gaining an understanding of non-economic goals in the family firm. In 2012, the significant lack of research of non-economic goals in the private family firm context prompted the Family Business Review to put forth a special issue that focused on non-economic goals of private family firms. Consequently, in recent years considerably more articles have been published regarding non-economic goals and family firms (Chua et al., 2015; Cabrera-Suarez et al., 2014; Deephouse and Jaskiewicz, 2013; Kotlar and De Massis, 2013; Zellweger et al., 2013; Berrone et al., 2012; McKenny et al., 2012; Zellweger and Dehlen, 2012; Gomez-Mejia et al., 2011).

For instance, through the lens of organizational identity theory, Zellweger et al. (2013) suggest that a firm's reputation will be positively affected when it is evident / known that a family is running the business. This is supported by the work of Deephouse and Jaskiewicz (2013) which found that when the family name is part of the firm name the reputation of the firm is greater. Moreover, Cabrera-Suarez et al. (2014) empirically tested the role of identity, and found that the more family members identify with the family business, the greater the importance is placed by the business on non-economic goals. In the same vein, Kotlar and De Massis (2013) suggest that the ability of family centered non-economic goals to impact the strategic direction of the firm requires that these types of goals be pursued not only by family members, but also by non-family managers and shareholders of the firm.

An emerging trend in the literature is the concept of socioemotional wealth (SEW) as a paradigm to better understand the non-economic goals of family firms (Gottardo and Moisello, 2014; Liang et al., 2014; Zellweger & Dehlen, 2012; Berrone et al., 2012; Gomez-Mejia et al., 2007). Socioemotional wealth is defined as follows:

"the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (Gomez-Mejia et al., 2007 p. 106)

The term socioemotional wealth suggests that "the identity of family members is closely tied to the business, and the preservation of family owners' SEW becomes an end in itself, guiding firm behavior (Gottardo and Moisello, 2015 p. 68). Berrone et al. (2012) conceptualized the notion of socioemotional wealth by developing five separate constructs (FIBER): family control and influence, family members' identification with the firm, binding social ties, emotional attachment, and renewal of family bonds through dynastic succession, the preservation of SEW implies the pursuit of these five constructs.

Zellweger and Dehlen (2012) use the affect infusion model from cognitive psychology to suggest how socioemotional wealth is formulated. The authors propose that the *personal* affect of corporate ownership causes a perceived value of the business that is greater than the market value, and the cause of this disconnect is SEW. For instance, consider a founder/owner of a firm whose son works in the business, and selling the business would result in a loss of employment for the son. The model proposed by Zellweger and Dehlen (2012) suggests that the value of the firm to the founder will be greater than the market value, given that the founder places value on the son's employment with the business. Gottardo and Moisello (2014) examined the impact of SEW (via the dimensions of family ownership, management and governance) on firm performance and found that a family CEO with numerous family members on the board has a positive effect on firm performance for a first generation family firm and this effect is reversed in later generation family firms. Whereas, Liang et al. (2014) applied the SEW perspective through the dimensions of family management and ownership on the internationalization of private Chinese family firms, and found an inverted U shape relationship between family involvement in management and internalization, and a U curve relationship between family ownership and internalization. The authors suggest that the increase in family ownership and corresponding decrease in internalization is a result of potential SEW losses.

Socioemotional wealth represents the accumulated non-economic benefits that come from the pursuance of family centered non-economic goals (Chua et al., 2015). Thus, SEW is a stock concept as family firms will pursue family centered non-economic goals in order to maximize their socioemotional wealth. Just like a firm pursues the economic goal of profit (a flow) in order to maximize the accumulation of wealth (a stock), a family firm pursues family centered non-economic goals (a flow) to accumulate SEW (a stock). Socioemotional wealth research has focused on the stock of SEW and not necessarily the flows of SEW by implicitly assuming that the preservation SEW is a reference point that affects family firm behaviour. (Gottardo and Moisello, 2014; Liang et al., 2014; Zellweger and Dehlen, 2012; Gomez-Mejia et al., 2011). The limitation of the SEW concept is that it does not consider that economic concerns (goals) may influence the behavior of family firms. Therefore, without separating the stock and flow components of SEW, the construct leaves us with more questions than answers. In this regard, Chua et al. (2015) offer several questions for future research, for instance: How do flows of family centered non-economic goals accumulate into SEW stocks? How does the flow aspect of family centered non-economic goals make family firms different from non-family firms? What are the stocks and flows of the five SEW components? Are the different components of SEW of equal value? How do flows of economic and non-economic goals influence the stock of SEW? Can SEW losses incur incrementally or in totality? The authors conclude that in order for the SEW concept to be considered a core theory of the family firm, considerable efforts are needed to delineate between the various stock and flow components of SEW.

It is evident that researchers have devoted more effort in recent years to better understand family centered non-economic goals in family firms. However, considerably more work needs to be done. For instance, Berrone et al. (2012) propose 30 different elements of FIBER and endorse future empirical investigations to validate the FIBER constructs, while Chua et al. (2015) suggest that the stock and flow elements of SEW must be delineated in order for the SEW concept to take root as a core theoretical concept in family business research. Further, most studies on family centered non-economic goals are limited to the firm level of analysis (Kotlar and De Massis, 2013). However, as stated earlier in this chapter, the 'family' is a unique stakeholder to the family firm and thus has the ability to influence the behavior of the firm. Given that the adoption of family centered non-economic goals represents the vision and intention of a firm's dominant coalition Chrisman et al. (2012) and family centered non-economic goals are unique only to family firms, then "the adoption of such goals (FCNE) should differ among family firms, as well as between family and non-family firms" (p. 268). Put simply, FCNE goals can be considered a proxy variable that differentiates a family firm from a non-family firm as well as different types of family firms, as it is the adoption of FCNE goals that represents particularistic behavior.

The review of the family firm literature suggests that intra-family succession and the importance of family centered non-economic goals are two features that differentiate a family firm from a non-family firm. For instance, intra-family succession is obviously a strategic management issue unique only to a family business. Additionally, the element of family involvement with its non-economic / family concerns differentiates the succession process in family firms to the succession process in non-family firms. It is at this point where this thesis is positioned. This study will examine the goals and objectives that the dominant coalition of family firms wishes to achieve through intra-family succession.

(2.4) Research Problem

Intra-family succession has been a core topic in family firm research (De Massis et al., 2012). It is evident from the discussion earlier in this chapter that considerable research efforts have focused on the topic of intra-family succession. However, intra-family succession is positioned within the domain of social science research and as such, suffers from a lack of definitional precision. In other words, just as there is no agreed upon definition of the family firm, there is also no clear definition of what exactly constitutes intra-family succession. Family firm researchers continue to investigate the topic of intra-family succession by using operational criteria and definitions in their studies. For instance, De Massis et al. (2008) define succession as “situations where both the incumbent who relinquishes managerial control and the successor who takes it over are family members” (p. 184). Bennedsen et al. (2007) define succession as a transition from an incumbent to a successor with the same last names or from a parent to an offspring. Garcia-Castro and Aguilera (2014) simply used a proxy variable to define succession as any business that was more than 30 years old was considered a second or third generation family firm.

De Massis et al. (2014) state that “family involvement in ownership, management and governance are defining features of family firms” (p. 345). Hence, whether defining the family business or examining the influence of family on firm performance and behavior, many researchers have considered the dynamics of ownership, management and governance (De Massis et al., 2013; Chrisman et al., 2012; Allouche et al., 2008; Chittoor and Das, 2007; Villalonga and Amit, 2006; Aldrich and Cliff, 2003; Habbershon and Williams, 1999; Westhead and Cowling, 1997) as criteria to guide their investigations. Considering the dynamics of ownership, management and governance, the term intra-family succession can take on many different meanings, and thus operational definitions as cited above may not fully capture the various types of intra-family succession that can occur. For instance, consider Bennedsen et al's. (2007) definition of intra-family succession being the transition from an incumbent to a successor with the same last names, or from a parent to an offspring. This definition of intra-family succession does not consider those situations where an incumbent gives up managerial control to a non-family manager but effective control remains with the family, as the family retains ownership control and controls the board of directors. Conversely, the definition used by De Massis et al. (2008), which states that the incumbent who relinquishes managerial control to a successor who is a family member, would not capture those situations where managerial control is retained within the family but ownership control and board influence may be reduced. An example of this situation is the sale of 50 percent of the voting shares of the business to non-family members, but managerial control remains within the family.

The reality is that numerous variations and permutations of the definition of intra-family succession will arise when considering the dynamics of ownership, management and governance. Therefore, it is extremely challenging for researchers to formulate a universally accepted definition of intra-family succession. For instance, is retaining 51 percent family ownership sufficient to constitute intra-family succession? Conversely, is retaining 100 percent family ownership but non-family management sufficient to constitute intra-family succession? Is retaining absolute ownership and management control necessary to constitute intra-family succession? Nevertheless, operational definitions of intra-family succession have been based on the implicit assumptions of researchers even though the key family actors involved in intra-family succession are incumbents and potential successors (De Massis et al., 2008; Sharma et al., 2003).

This study will rely on the definitions used by De Massis et al. (2008) to define a *potential successor* as "any family member who could assume managerial control of a family business when the incumbent steps down" (p. 184).[8] An *incumbent* is defined "as the person who holds the top management position in a family business and who must relinquish that position before another family member can take over" (p. 184). This study defines a *founder* as a person who started the business. The dominant coalition of an organization are those powerful actors within the organization that influence the overall organizational agenda (Cyert and March, 1963) and given the founder's inability to let go of control and influence over the firm (Dyer and Handler, 1994) it is logical to suggest that a founder be part of a firm's dominant coalition. As such, this study considers the dominant coalition of the family firm to comprise founders, incumbents and potential successors. Surprisingly, a review of the literature suggests a complete void in this area as the researcher could not find any studies that attempt to define intra-family succession from the perspective of the founder, incumbent or potential successor. Thus, the first research question of this study is the following:

Research Question 1: How does the dominant coalition of a private family firm define intra-family succession?

In regard to intra-family succession, "research over the last 15 years on the subject has expanded to cover many facets of the process" (De Massis et al., 2012 p. 28). The authors categorize the research areas within intra-family succession as follows: why succession occurs or does not occur; succession planning; successor attributes; the succession process and what constitutes a successful succession.

As discussed in detail earlier in this chapter, each of these research areas has provided insightful contributions to the research domain of intra-family succession. For instance, Mussolino and Calabro (2014) posit that the paternalistic view of a founder impacts the potential successor's view of the

[8] Similar to De Massis et al. (2008) a potential successor in used in a very broad sense as this study does not contemplate the training or resources of the potential successor.

succession process, whereas Sharma et al. (2003) found that firm leaders believe that the presence of a willing and capable successor is the catalyst of the succession process. Investigating the propensity of a successor to take over the business, Stavrou and Swiercz (1998) identified factors such as personal, family and business conditions. On the other hand, De Massis et al. (2008) suggest that similar factors such as relational, context and financial may prevent an intra-family succession from occurring even when there is an intention for succession, while Bjuggren and Sund (2001) suggest that tax laws may prevent intra-family succession as the transferring of ownership to the next generation may trigger a tax cost to the family. This is the case in Canada, as the Canadian tax regime provides for a significant exemption to shareholders who sell private company shares, and this exemption is not available if the same shares were sold to a family member. In regard to the selection of a potential successor, researchers have suggested that successor attributes such as commitment, integrity and gender are factors that incumbents should consider (Sharma and Irving, 2005; Vera and Dean, 2005). Researchers have also given considerable attention to investigating intra-family succession as a process, and accordingly have developed models of intra-family succession. For instance, Le Breton-Miller et al. (2004) formulated three phases of the succession process: ground rules, developing a successor and transfer of roles. More recently, Michael-Tsabari and Weiss (2015) found that inadequate communication between a founder and successor hampers the succession process as well as family harmony during the succession process.

It is evident from the discussion above and earlier in this chapter that the intra-family succession literature has focused more on the succession process, and consequently very little is understood regarding to the post succession performance of the family business. “Success in strategic management, including the management of intra-family succession, must be measured in terms of goal achievement” (De Massis et al., 2012 p. 30), yet the authors state that they “have not found any study specifically on the goals that family firms expect to achieve through intra-family succession” (p. 30). To use a sports analogy, researchers and practitioners have focused on how to play the game (the succession process) but once the game is over we have no idea who the winners and losers are because we do not know what to score (goals and objectives).

This begs the question of what goals do family firms wish to achieve through intra-family succession. Recently, Gilding, Gregory, and Cosson (2015) suggest that the incumbent's motives of succession planning are generational continuation of the business and family harmony. The authors cross-tabulate these motives to develop a typology of four distinct motives for succession planning which are strong continuity/strong harmony; weak continuity/weak harmony; weak continuity/strong harmony; strong continuity/weak harmony. The limitation of this study is that it does not consider the specific goals that the incumbent wishes to achieve by continuing the business to the next generation, as it is these goals that will invariably strengthen or weaken the motivation of the incumbent to ensure the generational continuation of the business.

Some researchers have suggested that intra-family succession is a family centered non-economic goal of family firms (McKenny et al., 2012; Sorenson, 1999; Westhead and Cowling, 1997), while others have suggested that intra-family succession is more of an indicator of willingness (Chrisman et al., 2012), and thus the intention of the dominant coalition of a family firm to pursue intra-family succession differentiates a family firm from a non-family firm. As mentioned in chapter 1, this study does not consider intra-family succession a specific family centered non-economic goal, but rather a strategic management decision made by the dominant coalition of the family firm in order to achieve family centered non-economic goals such as family harmony, family identification with the firm, and the firm as a legacy.

Recall that the behavioral theory of the firm suggests that all firm managers pursue economic and non-economic goals (Cyert and March, 1963), and that the dominant coalition of a family firm is controlled by members of the family (Chua et al., 1999), and this dominant coalition is believed to pursue not only economic goals but also family centered non-economic goals (Chua et al., 2015). Moreover, it is necessary to gain a deeper understanding of non-economic goals of family firms as these goals invariably influence the behaviour of the family firms (Chrisman et al., 2010). Thus, the second and third research questions of this study are as follows:

Research Question 2: What goals does the dominant coalition of a family firm wish to achieve through intra-family succession that cannot be achieved through non-family succession?

Research Question 3: Why are these goals important?

Theoretical Background and Hypotheses Development

Chrisman et al. (2012) found that family influence (ability) and family essence (willingness) are both positively related to the importance of family-centered non-economic goals (FCNE) in small family firms. Further, the authors found that family essence (willingness) partially mediates the relationship between family involvement and the importance of FCNE goals, thereby suggesting that family involvement "is a necessary condition for the existence of a family firm but is not sufficient to ensure that a family firm will behave in a fashion that differs from non-family firms" (Chrisman et al., 2012 p. 286). In essence, the authors suggest that it may no longer be appropriate to consider a firm a family firm where the family has the ability to influence but has no intention of intra-family succession. Rather, only when both ability and willingness are present should a firm be considered a family firm. This study will heed the call of De Massis et al. (2014) to develop the ability and willingness based hypotheses as "considering both (ability and willingness) should allow family business researchers to assess more accurately the differences in the behavior and performance of firms with and without family involvement as well as the heterogeneity that exists among firms with family involvement" (p. 359). Accordingly, through the dynamics of ownership, management and governance the hypotheses below are formulated based on the presence of ability and willingness.[9] Moreover, to answer the third research question, this study will rely on the psychological construct of generativity established by Erikson's (1963) theory of human development to explain why these goals are important to family firms.

[9] The formulation of ability and willingness based hypotheses will be achieved through the questionnaire and will be discussed in more detail in the methods chapter of this thesis.

Erikson's Theory of Human Development and Intra-family Succession Goals

According to Erikson's (1963) theory of human development, generativity is "primarily the concern in establishing and guiding the next generation" (1963, p.267). Moreover, Morselli and Passini (2015) state that generativity is a focus "on generations that have yet to come and children yet to be born" (p. 174). Erikson's model of human development has eight stages and suggests that generativity occurs later in the human life cycle (stages seven and eight). In this regard, Erikson's model suggests that generativity will be relatively low in young adults ages 18 – 30, will be highest in the mid-adulthood ages of 30 – 60 and will subside in the older years. (McAdams, de St Aubin, and Logan, 1993). Nonetheless, it is during the older years that "adults make important contributions to their families, communities, organizations, societies and cultures as they seek to contribute in positive ways to the world and the people they will leave behind" (Wade-Benzoni and Tost, 2009 p. 182). Put simply, generativity is the need to leave something behind and to bring meaning to one`s life. Thus, an obvious example of generativity is the raising of children. However, raising a child does not necessarily ensure generative behavior, as research suggests that generativity concerns vary across individuals (Rossi, 2001). In other words, some adults have high levels of generative concern while others have low levels of generative concern. Generativity (generative concern) is often expressed through generative action (Wade-Benzoni and Tost, 2009). Some examples of generative action include environmental activism, political activism, caring for elders, donating blood, volunteering, mentoring, coaching, continuing family traditions, and financially providing for future generations. Therefore, two individuals can have similar levels of generativity, but may each express their generativity through different generative actions. Nonetheless, these generative actions are considered to be generative expression as they have the possibility of leaving a lasting and positive effect on others (McAdams and de St. Aubin, 1992). On the surface, generativity is usually thought of in a positive light as it is associated with selfless behavior.

However, Newton, Herr, Pollack, and McAdams (2014) suggest that generativity has two components, being agency and communion. Agency is the desire for self-assertion and individuality (self-focused).

Communion (other-focused) is the desire for cooperation. The authors suggest that inherent in generativity is the blend of these two personality factors, thus generativity cannot be considered purely selfless behaviour, as by helping others, individuals gain greater validation of their sense of self (McAdams, 1996). In essence, teaching your child morality, coaching a youth baseball team and volunteering your time will not only improve the world you live in today and in the future, but will also satisfy one's desire for self-esteem. Frimer, Walker, Dunlop, Lee, and Riches (2011) refer to the combination of agency and communion as "enlightened self-interest" (p. 149) meaning that an individual can act to pursue the interest of others and at the same time serve one's own self-interest.

Since its introduction, the concept of generativity has been widely used in psychological and sociological research associated with life and work satisfaction, social responsibility, successful aging, quality parental care, political activism and voluntarism (Lacroix and Jolibert, 2015). In the political arena, politicians invariably appeal to the generativity of the electorate by using statements such as: 'we need to reduce spending as all we are doing is borrowing from future generations'. In the business context, many firms use generativity as marketing positioning strategies. For instance, the marketing slogan of Swiss watchmaker Patek Philippe is "you never actually own a Patek Phillippe – you merely look after it for the next generation". Moreover, to help firms target consumers who care about future generations, Lacroix and Jolibert (2015) developed and validated a scale that measures consumer generativity. The concept of generativity has also been to examine organizational leadership. For instance, Zacher, Rosing, Henning, and Frese (2011) found that in a university setting, the generativity of professors is positively associated with the age of professors and the leadership success (measured by the perceptions of research assistants) of the professors was moderated by leadership generativity. In other words, professors high in generativity experienced better leadership success. Thus, the concept of generativity is applicable to many societal and organizational issues. However, the concept of generativity has not been used to a significant extent in the family firm context.

To reiterate, generativity is “primarily the concern in establishing and guiding the next generation” (Erikson, 1963, p.267) and family firms are those firms with an intention toward intra-generational succession (De Massis et al., 2014; Chrisman et al., 2012; Chua et al., 1999), thus the concept of generativity is germane to the family firm. However, the researcher could find only one article discussing generativity in the family firm context. Zacher et al. (2012) examined the relationship between generativity and intra-family succession. From a sample of 155 private family business owners in central Germany, the authors found a positive relationship between the family business owners’ generativity and intra-family succession. The main focus of the study was to examine generativity as a linking mechanism between family business owners’ age and intra-family succession. The authors found that generativity mediates the positive relationship between the family business owners’ age and intra-family succession, thereby suggesting that generativity is “responsible for successfully making succession plans” (Zacher et al., 2012, p. 678). The authors measure intra-family succession by whether or not the business has a family successor who will take over the business. The two fundamental problems the researcher has with the study put forth by Zacher et al. (2012) is the criteria used to define the family business and the use of intra-family succession as the dependant variable.

First, the authors use self-reported criteria to define a family business by asking if the survey respondent perceives the business to be a family business. From this criteria the sample is derived, and the authors hypothesize that those family firms led by individuals high in generativity are more likely to plan for intra-family succession. However, consider those individuals that perceive the business as a family business but have no intention toward intra-family succession. Are these individuals necessarily less generative than those who desire intra-family succession? Zacher et al. (2012) theorize that generativity is responsible for the strategic management decision of intra-family succession, and suggest that family business owners low in generativity are less likely to plan for intra-family succession. However, recall from the discussion above that generative concerns can be expressed through many actions such as political activism, environmental activism, helping the sick, teaching and coaching. This study challenges the position of Zacher et al. (2012) that those firms that do not plan for intra-family succession are likely to be led by individuals low in generativity, as these individuals may actually be high in generativity, but express their generative concerns in ways other than through intra-family succession. For instance, consider a business owner who does not desire intra-family succession, as the nature of the business is very demanding, and does not wish for this type of work life for their children. Is this individual less generative because they do not desire intra-family succession? On the contrary, the researcher suggests that not transferring the business to the next generation is a generative act that expresses the generative concern of quality of life for their child.

Second, recall that this study does not consider the strategic management decision of intra-generation succession a specific family centered non-economic goal, rather intra-family succession is simply a conduit to achieving family centered non-economic goals and economic goals. That is, the dominant coalition of a family firm must have specific goals they wish to achieve through intra-family succession whether or not these goals are implicit or explicitly stated at the outset of the succession process. In other words, intra-family succession goals are antecedent to the strategic management decision of intra-family succession, and therefore generativity is a more appropriate predictor of intra-family succession goals than it is a predictor of intra-family succession.

Also, recall that inherent in generativity is the blend of two personality factors (agency – self focused; communion – other focused) and thus generativity cannot be considered a purely selfless behaviour. For example, a founder of a family business passing the business to the next generation may satisfy not only the financial needs of the next generation, but also the legacy and self-pride of the founder. In this example, the generative concerns are the financial needs of the next generation and the legacy of the founder, and only through intra-family succession can these goals possibly be attained. This study asserts that the decision of the dominant coalition of a family firm to plan for and pursue intra-family succession does not imply generativity. Rather, it is the goals that the dominant coalition of the family firm wishes to achieve through intra-family succession that are associated with generativity. Given the above, the following hypothesis is offered:

Hypothesis 1: Generativity is positively associated with each intra-family succession goal.

Legacy is broadly defined as something that one leaves behind when one dies and is attached to one's identity. A legacy can include tangible items such as a book, picture, house, car or a business. Conversely, a legacy may include intangible items such as values and traditions. Wade-Benzoni and Tost (2009) state that "legacies are vehicles for personal life meaning that extend into the future" (p. 183). Moreover, a legacy can benefit not only the recipient but also the creator (Hunter and Rowles, 2005) and it is in this regard that the authors suggest that legacy may not only be associated with generativity but also with narcissism.

The spectrum of narcissism is on a continuum and thus it is important to distinguish between healthy (normal) narcissism and unhealthy (pathological) narcissism. For the purpose of this study, the term narcissism refers to healthy narcissism as described by Ackerman, Witt, Donnellan, Trzesniewski, Robins, and Kashy (2011) as "the strategies used to promote a positive self-image and facilitate agency by otherwise psychologically well-adjusted individuals (p. 68). Similar to generativity, narcissism also has agency and communion components as Gebauer, Sedikides, Verplanken, and Maio (2012) suggest that a narcissist will pursue their desires such as power and approval in different ways. For instance, in pursuing power or control over a situation, an agentic narcissist may simply take over with no regard for others, while a communal narcissist may suggest that it is in the best interest of others for him or her to step aside. In any event, both behaviours are self-serving. It is important to understand that the communal component of narcissism is not the same as the communal component of generativity. The communal component of narcissism refers to the means by which a narcissist achieves self-serving behaviour, whereas the communal component of generativity refers to the selfless behaviour associated with generativity.

A legacy is “an enduring meaning attached to one’s life” (Wade-Benzoni and Tost, 2009 p. 183) achieved by leaving behind something intangible or tangible that has the ability to make a long lasting impression. Thus, the desire to leave a legacy is closely related to generativity (Newton et al., 2014). Moreover, recall that generativity is positively associated with agency (self-focused) and communion (other-focused), and narcissism is positively associated with agency (self-focused) but not communion (other –focused). Therefore, generativity and narcissism share similar personality constructs (agency / self-focused) which suggests that the desire to leave a legacy may have a dark side. Accordingly, this study suggests that the family centered non-economic goal of legacy is a result of selfless and selfish personality traits. Given the above, the following hypothesis is offered:

Hypothesis 2: Both generativity and narcissism are positively associated with the goal of legacy.

(2.5) Contribution

This study provides theoretical, methodological and analytical contributions to the field of family business research. As previously mentioned, the family firm literature clearly suggests that the strategic management decision of intra-family succession and the importance of family centered non-economic goals are two features that differentiates a family firm from a non-family firm. However, family firm researchers have used operational definitions of intra-family succession (Garcia–Castro and Aguilera, 2014; De Massis et al., 2008; Bennedsen et al., 2007) and have focused extensively on the succession process (Michael-Tsabari and Weiss, 2015; Mussolino and Calabro, 2014; Sharma and Irving, 2005; Bjuggren and Sund, 2001) as opposed to investigating the specific goals that the family firm wishes to achieve through intra-family succession (De Massis et al., 2012).

This study contributes to the family firm literature by not implicitly assuming the meaning of intra-family succession. Rather, through the dynamics of ownership, management and governance, this study explores the meaning and definition of intra-family succession through the perceptions of the family firm's dominant coalition. Moreover, this study heeds the call of De Massis et al. (2012) to identify the intended goals that family firms wish to achieve through intra-family succession that cannot be achieved through non-family succession, as "without knowing the goals, we cannot really ascertain whether intra-family succession for a family firm has been successful…..and without the conceptual and empirical means to ascertain and measure success, we will always be far from understanding intra-family succession" (p. 31).

Further, this study not only investigates the goals that a family firm wishes to achieve through intra-family succession, but also investigates why these goals are important. In doing so, this study relies on Erikson's theory of human development which is a relatively new theory in the family business context, thereby heeding the call of Chrisman et al. (2012) that in order to develop a theory of the family firm it is necessary to draw upon new theoretical approaches.

As mentioned earlier in this chapter, results have been mixed when comparing the family firm to the non-family firm in terms of various outcome variables such as behavior and performance. In large part, this is due to the various definitions of the family firm used in the research (De Massis et al., 2014). The authors suggest that it may no longer be appropriate to consider a firm a family firm where the family has the ability to influence but has no intention of intra-family succession (essence). Rather, only when both ability and willingness are present should a firm be considered a family firm, and research that does not consider both family involvement (ability) and family essence (willingness) as necessary conditions as the basis for a family firm definition will further contribute to varied and incomparable results. As outlined in the following chapter, this study relies on the theoretical definition of the family firm put forth by Chua et al. (1999) and this definition is operationalized by the consideration of the ability and willingness conditions. In other words, this study investigates only those family firms that meet the ability and willingness conditions through the dynamics of ownership, management and governance.

(2.6) Summary

The landscape of family firm research is large. Family firm research encompasses public family firms and private family firms. Research has compared the performance and governance of public family firms to public non-family firms, as well as the performance, behavior and governance of private family firms to private non-family firms. In doing so, mainstream management theories such as agency theory, stewardship theory, stakeholder theory and the resource based view of the firm have been used, and as mentioned earlier in this chapter, the results have been mixed. More recently, family firm research has moved away from comparing the family firm to the non-family firm, and investigating the factors that contribute to the heterogeneity of family firms, specifically family centered non-economic goals (Chrisman et al., 2012). In other words, comparing the performance and behavior of family firms to non-family firms makes for interesting research but what may be more interesting is exploring and understanding the factors that contribute to the uniqueness of family firms compared to non-family firms, and amongst family firms. The review of the family firm literature indicates that the strategic management decision of intra-family succession is unique only to the family firm, and only family firms pursue family centered non-economic goals. It is on the intersection of these two unique features that this study is positioned. The following chapter will outline the research methodology to address the research problem of this study.

CHAPTER 3 - METHODOLOGY

This chapter will describe how a quantitative strategy underpinned by a positivist research philosophy was used to address the research problem outlined in chapter 1. There are four main sections to this chapter: Research philosophy and strategy (3.1); research approach, design and methods (3.2); ethical considerations (3.3); and summary (3.4).

(3.1) Research Philosophy and Strategy

Blackie (2000) suggests that it is imperative to consider the dual fundamental principles of ontology and epistemology when conducting any research. In essence, these principles address what realities exist in the world (ontology), how can these realities be measured, and what is acceptable knowledge of that reality (epistemology). These principles influence the way in which research is undertaken as they deal with perceptions, assumption and beliefs of the world.

Ontology is the study of being (Crotty, 1998). Ontological assumptions are concerned with what realities exist in the world. Given that we all have inherent biases as to how we view the world, it is imperative that researchers identify their ontological assumptions in order to ensure that the researcher is not blinded to certain aspects of the study, as these aspects may be otherwise assumed (Flowers, 2009). The researcher must identify how they view the phenomena being studied, specifically whether their view is subjective, based on the researcher's experience, or whether their view is objective and independent of the researcher.

Epistemology is concerned with the nature and forms of knowledge (Cohen, Manion, and Morrison, 2007). Epistemological assumptions are concerned with how knowledge can be obtained and what constitutes acceptable knowledge. Guba and Lincoln (1994) explain that epistemology asks the following question: What is the nature of the relationship between the would-be knower (the researcher) and what can be known (reality)? A researcher's epistemological assumptions will frame the research methods.

For instance, Chia (2002) describes epistemology as *what it is possible to know*, and the need to reflect on methods and standards through which reliable and verifiable knowledge is produced. Further to this, Hatch and Cunliffe (2006) explain epistemology as *knowing how you can know* and how knowledge is generated, what criteria discriminate good knowledge from bad knowledge, and how reality should be represented or described. Like ontological assumptions, a researcher can hold objective or subjective epistemological assumptions. Eriksson and Kovalainen (2008) describe an objective epistemological assumption as presuming that a world exists that is external and theory neutral, whereas a subjective epistemological assumption is the view that no access to the external world beyond our own observations and perceptions is possible. A researcher must identify their epistemological assumptions, and these positions must be linked with the researcher's ontological assumptions. Ontological and epistemological assumptions are choices that the researcher must consider and there must be an alignment of these choices with the original research problem (Blackie 2000).

Denzin and Lincoln (2003) describe a research philosophy as an interpretive framework guided by a set of ontological and epistemological positions. According to Scotland (2012), a research philosophy is rooted in different ontological and epistemological views, and therefore each philosophy has differing assumptions of reality and knowledge which underpin the research approach, and as such is reflected in the research methodology and methods. The following section will examine the research philosophies of positivism (3.1.1), interpretivism (3.1.2) and postpositivism (3.1.3).

(3.1.1) Positivism

A positivist takes the scientific method to the social sciences. The ontological position of a positivist is that the world is external and objective. A positivist believes that reality exists independently of the researcher, and that reality is not mediated by our senses (Scotland, 2012). In other words, reality exists independent of our views, perceptions and experiences. The epistemological position of a positivist is objectivism, reason and valid truths. A positivist researcher will obtain knowledge based on facts that are objective and verifiable, gained through direct observation and measured empirically using quantitative methods and statistical analysis (Hatch and Cunliffe, 2006; Blackie, 1993). As stated by Wahyuni (2012), positivists believe that different researchers observing the same factual problem will generate a similar result. Positivists believe that the purpose of theory is to generate hypothesis that can be tested by empirical observations – the deductive approach. (Scotland, 2012; Limpanitgul, 2009). Positivism is based on the philosophical ideas of the French philosopher August Comte who suggested that knowledge of reality can only be obtained by way of observation and experiment. Thus, the ultimate aim of the positivist is the generalization of results as well as prediction. Put simply, a positivist believes that reality is independent of our views and knowledge of this reality can only be obtained through objective observation and testing. Consequently, a positivist will generally employ a quantitative strategy.

(3.1.2) Interpretivist

Interpretivism is the opposite of positivism, in that reality is not external and objective. It is the belief that people formulate their own realities based on their perceptions, experiences and beliefs. Consequently, interpretivists believe that reality is always being re-constructed as a person's experiences and perceptions are always changing (Wahyuni, 2012). The ontological position of interpretivism is relativism – the view that reality is subjective and differs from person to person (Guba and Lincoln, 1994) resulting in multiple realities. Put simply, reality is in the eye of the beholder. The epistemological position of interpretivism is subjectivism in that the world does not exist independently of our knowledge, and thus knowledge of the social world can only be obtained by the people that participate in it (Crotty, 1998). Contrasting the deductive approach used by positivists, the interpretive researcher utilizes the inductive approach in which theory is generated from the data. Interpretivist researchers prefer to interact with the 'researched' through dialogue and observation, and favor qualitative data as it provides deep and rich descriptions of social constructs (Wahyuni, 2012). Some data methods used by interpretivist researchers are focus groups, open-ended interviews/questionnaires and open ended conversations. Analysis is accomplished by the researcher interpreting the data rather than sophisticated statistical models. Consequently, given that we all have inherent views and perceptions, the researcher must explicitly state their agenda and value-system from the outset (Scotland, 2012), as the interpretation of the findings will be affected by the beliefs of the researcher.

(3.1.3) Postpositivism

Postpositivists reject the positivist position that the world can be explained by the scientific method in which all things can be explained and generalized with sophisticated scientific models specifically as they relate to the study of human behavior (Wahyuni, 2012). Blackie (2000) states that a postpositivist believes that realities exist regardless of science or observation, and thus there is validity in recognizing realities that claim to exist, proven or not. That being said, postpositivism draws upon aspects of positivism and interpretivism. Flowers (2009) states that a postpositivist acknowledges that natural science is different from social sciences, and that social reality is socially constructed (interpretivism), but simultaneously believes that science must be empirically-based, rational and objective (positivist).

The most common form of postpositivism is called critical realism. For the most part, a critical realist shares the same ontological position of a positivist. A critical realist believes that reality is objective and independent of our thoughts, but reality is socially constructed (Wahyuni, 2012; Flowers, 2009). In other words, reality exists whether we experience the reality or not, and reality is interpreted in various ways as a result of our various social experiences. Trochim (2006) suggests that a postpositivist critical realist is not merely a derivative position of positivism, but rather is a wholesale rejection of the central tenants of positivism. This is most evident as it pertains to the epistemological position of a positivist opposed to that of a critical realist. Positivists believe that knowledge of reality can only be obtained through objective and verifiable facts and measured empirically using sophisticated numerical models with the ultimate goal of generalization and prediction. Whereas, according to Trochim (2006), a critical realist recognizes that all observation is fallible and that theory is revisable, and therefore the ultimate goal of a critical realist is more of understanding and explanation than generalization and or prediction. Critical realists believe that research should be undertaken from various perspectives as reality can exist on multiple levels (Chia, 2002).

To this end, a critical realist researcher will utilize both qualitative and quantitative methods and emphasize a triangulation approach in an effort to mitigate the fallible nature of observation (Trochim, 2006) with the hope that these different methods yield a similar result, thereby increasing the confidence and validity of the results.

This study positions itself on a positivist philosophy. From an ontological standpoint, this research is based on the position that reality is external, objective and independent of our experiences and understanding. Put simply, reality exists independent of our knowledge and experiences. The epistemological position of this study is that knowledge of reality can only be obtained through reliable and objective data measured empirically by way of statistical methods. In this study, the position is taken that the researcher is independent of the data, and the ultimate aim of this study is to provide generalization and prediction. To this end, a mostly quantitative strategy will be employed.

The researcher acknowledges that any of the research philosophies stated above can be relied upon to address the research problem of this study. The decision to employ a positivist research philosophy for this study was more pragmatic rather than a philosophical rejection of interpretivism and critical realism. The research philosophies of interpretivism and critical realism for the most part formulate research designs that involve the researcher with the researched. As stated previously, the researcher is a practicing accountant who regularly advises family businesses, and consequently, the researcher acknowledges an inherent bias. Therefore, to mitigate this inherent bias, the researcher, for the most part, formulated a research design that separated the researcher from the researched, and this falls in line with a positivist research philosophy.

(3.2) Research Approach, Design and Methods

A research approach and design must be aligned to the research philosophy (Crotty, 1998). Given the positivist philosophy of this study, a deductive approach was used to develop and test the hypotheses. The following section will outline: the research design and strategy (3.2.1); qualitative data collection method (3.2.2); and quantitative data collection method (3.2.3).

(3.2.1) Research Design and Strategy

Bryman and Bell (2007) suggest that there are five types of research designs: experimental, cross-sectional, longitudinal, case study and comparative design. As outlined in chapter 1 and 2, this study investigates the relationship between many variables and thus a cross-sectional design was used. Further, recall from chapter 2 the second research question of this study: What are the intended goals which the dominant coalition of a family firm wish to achieve through intra-family succession that cannot be achieved through non-family succession? Further, De Massis et al. (2012) state that they "have not found any study specifically on the goals that family firms expect to achieve through intra-family succession" (p. 30). Tashakkori and Teddlie (1998) suggest that pilot studies are useful when researching a relatively unexplored topic. In this regard, Yin (2009) suggests that it is appropriate to collect and analyze preliminary qualitative data and use the results to design the larger quantitative phase of the study. Accordingly, this study used a mixed-methods strategy as qualitative data was collected and analyzed in order to identify the goals associated with intra-family succession, and these goals were used in the design of the survey instrument used to collect quantitative data.

(3.2.2) Qualitative Data Collection Method

As stated above, the purpose of the qualitative data collection phase of the study was to identify intra-family succession goals. As previously stated, the researcher is a practicing accountant and has access to many family business owners, their families as well as information pertaining to the individual's role within the firm. The researcher selected only those individuals that represented the family firm's dominant coalition as defined in chapter 2 of this study, and these individuals each represented a different family business.

Moreover, in line with the ability and willingness conditions discussed in the previous chapter, the researcher selected only those individuals that are involved in management of the firm, and each of the family firms that the individuals represent have the intention toward intra-family succession. The intention toward intra-family succession was assessed by asking whether the respondent desires the business to be transferred to the next generation. Seven individuals were interviewed: two founders, three incumbents and two potential successors. The interviews were semi-structured and either by telephone or face to face. Each interviewee was asked: *What goals do you wish to achieve through intra-family succession that you could not achieve through non-family succession?* In essence, the posing of this question moved the interview to more of a conversation. It was through these conversations that extremely rich and insightful statements were made by the interviewees. In other words, none of the interviewees simply stated a goal (i.e. family harmony), but rather through informal and relaxed conversation, the researcher was able to stimulate the interviewee to make statements relating to goals associated with intra-generational succession.

At the end of each interview, the researcher reviewed the interview transcripts and summarized the actual statements and phrases made by the interviewee. Once all interviews were complete, the researcher analyzed all statements and phrases for meaning and initial coding relating to intra-family succession goals. Some statements and phrases had more than one meaning. The researcher then analyzed the initial coding for themes that could be merged together to develop the final list of intra-family succession goals. Table 3.1 provides a brief description of each interviewee, Table 3.2 summarizes the initial coding of statements and phrases made by each interviewee, and Table 3.3 summarizes the final coding and formulation of intra-family succession goals that were used in the survey.

Table 3.1 – Description of Interviewees

Founder 1 (F1): Retail and wholesale industry, started the business 25 years ago, intends to transfer legal ownership of the business to her three children actively involved in the business. Still actively involved in the business.
Founder 2 (F2): Retail and wholesale industry, started the business over 40 years ago. Intends to transfer legal control of the business to his son. Still active in the business. Current incumbent positioning the next generation to assume management leadership of the firm.

Incumbent 1 (I1): Retail and wholesale industry, incumbent had no intention to assume leadership of the business but the unexpected (age 64) death of the founder (father of incumbent) caused the incumbent to assume managerial and legal control of the business. Incumbent intends for his children to assume leadership of the business.
Incumbent 2 (I2): Manufacturing industry, has managerial control, ownership dispersed amongst several family members. Many family members ready to assume managerial control in the future.
Incumbent 3 (I3): Retail and wholesale, assumed equal managerial and ownership control with another family member 14 years ago. Intends to transfer the managerial control within 5 years to next generation family members.
Potential Successor 1 (PS1): Technology industry, working part-time in family business while attending post-secondary school. Intends to assume a future leadership position in the business.
Potential Successor 2 (PS2): Retail and manufacturing industry, employed by the family business, no ownership and little managerial involvement. Intends to have ownership and managerial control in the future.

Table 3.2 – Initial Coding of Actual Statements and Phrases made by Interviewees

(F1):	'I can sell this business tomorrow for good money but I just can't. I gave everything to this business in order to provide for my family……my blood and sweet is in this business. This business makes up my every fiber' – l**egacy**
(F1):	'There is three of them…..they will need to work together and decide each of their roles. I will not do that for them.' – **family harmony**
(F1):	'They (next generation) do not need to expand more……I took all the risks' – **stable profits**
(F1):	'Important to keep working with our suppliers and they (next generation) will need to develop and foster their own relationships with these suppliers……my suppliers have been good to me and I have been good to them…….if I sell then I have no control over keeping these suppliers' – **maintain supplier relationships**
(F1):	'I have helped out many city causes through this business…….a new owner may not be as community involved as I am or my family will be as this business has allowed me to help out social causes that are important to me…….I will make sure that my family is always involved and gives back' – **maintain position in community**
(F1):	'This is a hard business, I do not want it to destroy the relationships between the boys' – **family harmony**
(F2):	'Good training ground for my grandchildren…..they can have jobs and learn the value of hard work……..I can teach them everything I know…….I have trained many non-family employees that went on to do some good things with their lives……..I can do the same for them' – **employment of family members**
(F2):	'No one has to work for the big man…….family can have a life, make their own hours' – q**uality of life**
(F2):	'I started this business and I will die working here……….I am this business and my son needs to feel the same' – l**egacy, prestige of family business ownership**
(F2):	'I feel good that I built this business and will give it to my son……I want my son to feel the same………….he needs to put his personal stamp on this business' – p**restige**
(F2):	'This business is my retirement and it can be a retirement for future family members as well' – **money for family**

(I1):	‘I have spent too much time in this business and away from my children these years……by giving the business would make it all worth it’ – **legacy**
(I1):	‘Make sure they are running a business and not the business running them’ – **Quality of Life**
(I1):	‘I want to bring the kids in the business….but they need to start at the same time. If one comes in before then they will think they are the boss when the other comes into the business’ – **Harmony**
(I1):	‘If I sell to a third party, it reduces opportunities and choices of my children to be involved in the business. Times are tough for young people these days, there are MBA’s out there underemployed’ – **Employment for Family**
(I1):	‘I can’t force my kids to take over…..but this is a people business, my children can learn a lot about people working here and they can use this in whatever they do with their lives. – **Training ground for family, developing skills of younger generation**

(I2):	‘Provides a safety net for my children….not money necessarily…..but if they do not succeed in school then they can always work in the business – **employment for family**
(I2):	‘Not a difficult business…..does not require long hours. May not get rich but will have a good life’ – **Quality of Life**
(I2):	‘Give family members the opportunity to make as much or as little as they want. If they want to make less then hire some people, if they want to make more then get to work’ – **Financial Independence**
(I2):	‘Business has been in the family a long time…….I want to see that continue’ – **Legacy**
(I2):	‘No need to take on too much debt/or too much risk……just steady growth’ – **Stable Profit**
(I3):	‘If we sell to a third party, then they may get rid of some key employees……I do not want that, these people have become our family’ – **keep key employees**
(I3):	‘Keep our customers happy…..customers are our family and if we sell to a third party we lose that’ – **Maintain position in community**
(I3):	‘If my children takeover the business, I want them to do something with it. Bring it to a new level’ – **Increase Market Share**
(I3):	‘We could have sold to a third party 8 years ago but just couldn’t. If we sold, we would have got some money to take care of us (other family business partner) today but not enough to take care of our kids…….plus we were given this business and have a duty to pass it on to our kids if they want it’ – **Money for Family, Family Legacy**
(PS1):	‘I want to continue the family tradition’ – **Legacy**
(PS1):	‘We have some managers here making a lot of money and set in their ways because my Dad is too nice……this would change if I come in’ – **Change firm culture**
(PS1):	‘Grow the business and make more money……..invest in new equipment and technology’ – **money for family, increase market share, profits**
(PS1):	‘I want to take over and give my Dad a break…….he needs to relax’ – **quality of life**

(PS2):	'I would get a lot of personal satisfaction taking over this business………..but I am here working every day and my sister and her husband are not so that all needs to be worked out' – **Prestige, family harmony**
(PS2):	'Great part time job my kids' – **employment for family members**
(PS2):	'I would take over this business but we need to get it more efficient…….employees have been here way too long and have way too much say….it is hard to get them to change to more efficient methods' – **improve efficiency, change firm culture**

Table 3.3 – Final Coding of Intra-Family Succession Goals

Initial Coding of Themes	Intra-Family Succession Goals
Legacy (6); Stable Profits (2);	Legacy; Stable Profits; Maintain supplier
Maintain supplier relationships (1)	Relationships; Family reputation in
Maintain position in community (2); Family Harmony (4)	the community; Family Harmony;
Employment of family members (4); Quality of Life (4)	Employment of family members; Quality
Prestige of ownership (3); Money for family (3)	of life; Prestige of business ownership;
Keep key employees (1); Increase market share (2)	Money for family; Retain key employees;
Financial independence (1); Training ground for family (1)	Financial independence; Lower
Developing skills of younger generation (1);	Operating costs; Increase revenues;
Improve efficiency (1); Change firm culture (1)	Lower management control costs

In Table 3.3 above the numbers in parenthesis represent the occurrence each theme was mentioned by the respondents collectively. The final coding of intra-family succession goals was completed by considering the number of occurrences a theme was mentioned as well as grouping similar themes. For instance, the initial themes developing the skills of the younger generation and training ground for family was grouped to employment of family members. Additionally, the initial theme of change firm culture was recoded to lowering management control costs, as firm culture was too vague, and for the same reason increase market share was recoded as increase revenue.

The intra-family succession goals presented in Table 3.3 are consistent with previous research on the non-economic goals of family firms (Cabrera-Suarez et al., 2014; Chrisman et al., 2012; Sorenson 1999; Westhead and Cowling, 1997). For instance, although not specific to intra-generational succession, Sorenson (1999) developed a scale to measure family outcomes such as family unity and quality of life, while Westhead and Cowling (1997) measured variables such as employment of family members. However, family firm researchers have proposed that family firms pursue economic and non-economic goals (Chua et al., 2015; Liang et al., 2014; Kotlar and De Massis., 2013; Yu et al., 2012), yet very few have actually defined exactly what is meant by non-economic goals in the family firm context. As mentioned in the previous chapter, economic goals such as increase revenues and stable profits are not unique to the family firm, as these goals are also important to non-family firms because all firms need to pursue economic goals to some extent simply to ensure survivability. However, non-economic goals such as family legacy, family harmony and employment for family members are unique only in the family firm context, and thus will be referred to as family centered non-economic goals (Chrisman et al., 2012). Moreover, non-economic goals such as retaining key employees and maintaining good supplier relationships can be viewed as intermediate economic goals, as the achievement of these goals may lead to greater economic returns. For instance, keeping key employees may lead to greater operating efficiency, which in turn generates greater financial profits. Therefore, the intra-family succession goals as presented in Table 3.3 are categorized in Table 3.4 below:

Table 3.4 – Categorization of Intra-family Succession Goals

Economic – Intra-family Succession Goals (E-IFSG): stable profits; money for family; financial independence; lower management control costs; increase revenues; lower operating costs.
Family Centered Non-Economic – Intra-family Succession Goals (FCNE-IFSG): legacy, family reputation in the community; employment of family members; quality of life; prestige of owing a business; family harmony.
Intermediate economic – Intra-family Succession Goals (IE-IFSG): retaining key employees; maintaining supplier relationships.

To reiterate, the purpose of this study is to identify intra-family succession goals. A statement representing each of the fourteen IFSG was formulated and used in the quantitative phase of the study to assess the extent to which respondents agreed or disagreed with each IFSG identified from the qualitative phase of the study. Also, a general theme emerged from the qualitative data that founders and incumbents appear to have a concern for future generations and these concerns may be mitigated by transferring the business to the next generation. For instance, consider the following statements:

Incumbent: ‘*If I sell to a third party, it reduces opportunities and choices of my children to be involved in the business. Times are tough for young people these days, there are MBA’s out there underemployed’*

Founder: ‘*They (next generation) do not need to expand more……I took all the risks’*

Founder: *‘I have helped out many city causes through this business…….a new owner may not be as community involved as I am or my family will be as this business has allowed me to help out social causes that are important to me…….I will make sure that my family is always involved and gives back’*

Incumbent: *‘We could have sold to a third party 8 years ago but just couldn’t. If we sold, we would have got some money to take care of us (other family business partner) today but not enough to take care of our kids…….plus we were given this business and have a duty to pass it on to our kids if they want it’*

As well be discussed later in this chapter, this theme of ‘concern for future generations’ guided the researcher in the selection of the generativity scale used in the quantitative phase of the study.

(3.2.3) Quantitative Data Collection Method

A quantitative approach was used to obtain the data to address the research questions outlined in the previous chapter. Burns and Grove (1999) suggest that the purpose of data collection is to accurately and systematically gather relevant information that is specific to the study objectives. Further, data that is subjected to statistical analysis must be gathered in a way that is quantifiable (Bryman and Bell, 2007). As such, quantitative data for this study was collected using a structured questionnaire.

According to Bryman and Bell (1999) once a structured approach of data collection is determined the researcher must decide to administer the questionnaire face to face or to rely on a self-completion questionnaire. Although there are advantages and disadvantages for each method, it was decided by the researcher to use a self-completion questionnaire to ensure objectivity of the data. As previously stated, the researcher is a practicing chartered accountant who regularly advises family business. Consequently, the researcher acknowledges an inherent bias, and in keeping with the positivist position of this study, the researcher is of the view that by separating the researcher from the researched, more objective and reliable data will be produced.

Sample

This study surveyed a provincial panel of individual small business owners from Ontario, Canada through an on-line survey. The on-line survey was administered through an independent research company. To ensure the sample consisted of small private family firms respondents were asked if they were a member of a family that owns a private family firm, and to indicate the number of people employed in the business.[10] This study defines a family firm as "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua et al., 1999, p. 25). As mentioned in chapter 2, research that does not consider both family involvement (ability) and family essence (willingness) as necessary conditions as the basis for a family firm definition will further contribute to varied results (De Massis et al., 2014). The authors suggest that it may no longer be appropriate to consider a firm a family firm where the family has

[10] In accordance with the criteria of a small business used by Statistics Canada, Business Register 2012, only those firms that employ less than 100 people were included in the sample.

the ability to influence but has no intention of intra-family succession (essence). Rather, only when both ability and willingness are present should a firm be considered a family firm, and it is these firms that should be compared to non-family firms and to other family firms. Accordingly, to address the research questions and stated hypotheses of this study, the structured questionnaire was developed to ensure that the sample met both the ability and willingness conditions.

The dynamics of ownership, management and governance were used to ensure the sample firms met *the ability condition.* These dynamics (and related items) are often used by researchers when investigating the ability of the family to influence family firm performance and behavior (De Massis et al., 2014; De Massis et al., 2013; Chrisman et al., 2012; Allouche et al., 2008). Three measure were used to control for ability: (1) percentage of family ownership, (2) number of family members involved in management, and (3) the percentage of the board of directors made up of family members. To measure the percentage of family ownership, each respondent was asked to indicate the percentage of the firm that is owned by family members as well as the percentage of the firm that is owned by non-family members.[11] To measure the number of family members involved in management each respondent was asked how many family members are managers in the firm.[12] To measure the percentage of the board of directors made up of family members, each respondent was asked how many individuals are on the board of directors and how many of these individuals are family members. A ratio was calculated to provide the percentage of the board made up of family members.

The dynamics of ownership, management and governance were also used to ensure the sample met the *willingness condition*. Researchers suggest that intention toward intra-generation succession of the firm

[11] Per the measures used by Chrisman et al. (2012).
[12] Identical to the measure used by Chrisman et al. (2012). A manager is someone who makes decisions in the day to day operations of the business, has supervisory responsibility over employees in the business, and is involved in major financial decisions related to the business.

is an appropriate measure of willingness. (De Massis et al., 2014; Chrisman et al., 2012; Zellweger et al., 2012). Accordingly, this study controlled for willingness, considering the dynamics of ownership, management and governance, by asking each respondent the following: (1) Do you wish that a family member always retains ownership control of the business? (2) Do you wish that the future management leadership of the business be a family member? (3) Do you wish that the family always has voting control of the board of directors of the business? The willingness condition was not met if a respondent answered *no* to each of these questions.

As mentioned in chapter 2, the dominant coalition of an organization are the powerful actors within the organization who influence the overall organizational agenda (Cyert and March, 1963). Founders, incumbents and potential successors are the key players in the intra-family succession process (De Massis et al., 2008; Sharma, 2003; Dyer and Handler, 1994). Further, this study does not consider intra-family succession to be a specific family centered non-economic goal but rather a specific strategic management decision made by the dominant coalition of the family firm in order to achieve family centered non-economic goals such as family harmony, family identification with the firm, and the firm as a legacy. Therefore, for the purpose of this study the dominant coalition of a family firm are family members who are founders, incumbents or potential successors of a family firm. To ensure the sample consisted of family members of a family firm that are either founders, incumbents and potential successors, each respondent was asked if they are a member of a family that owns a private family business, and if so which one of the following best describes their role in the family business (1) founder; (2) incumbent; (3) potential successor.

Measures

As stated in the previous chapter, the first research question of this study is as follows:

(1) How does the dominant coalition of a private family firm define intra-family succession?

To address the first research question, the dynamics of ownership, management and governance were examines as each respondent was asked the following: Regarding the intra-family succession of the business, please indicate the extent to which you agree or disagree with the following statements: (1) Ideally, one hundred percent ownership of the business should be retained within the family; (2) The family should always retain at least fifty one percent ownership of the business; (3) The CEO and or President of the business should always be a family member; (4) A family member should always be involved in the day-to-day management of the business; (5) The chairman of the board of directors should always be a family member; and (6) The family should always retain voting control of the board of directors. Each of these items was measured on a 7-point Likert type scale ranging from strongly disagree (1) to strongly agree (7).

To reiterate, the second and third research questions of this study are as follows:

(2) What goals does the dominant coalition of a family firm wish to achieve through intra-family succession that cannot be achieved through non-family succession?

(3) Why are these goals important?

Further, to address research question 3, the following hypotheses are offered:

Hypothesis 1: Generativity is positively associated with intra-family succession goals.

Hypothesis 2: Both generativity and narcissism are positively associated with the intra-family succession goal of legacy.

<u>Dependent Variables – Intra-family Succession Goals</u>

The dependent variables of this study consisted of the intra-family succession goals identified in the qualitative part of this study presented earlier in the chapter. As mentioned above, these goals represent economic ***(E-IFSG)***, intermediate economic (IE-IFSG) and family centered non-economic (FCNE-IFSG) goals which the dominant coalition of a family firm may wish to achieve through intra-family succession. A total of fourteen goals were identified from the qualitative part of the study, and each of these goals were measured on a 7-point Likert type scale (1 = strongly disagree; 7 = strongly agree). Each respondent was asked to indicate the extent to which they disagree or agree with the following statements relating to goals that can only be achieved through intra-family succession, and which cannot be achieved through non-family succession of the business.

1) Maintaining good relationships with long-term suppliers of the business is important

2) Retaining key employees of the business is important

3) Providing family members with employment is important

4) Lowering management control costs (i.e. profit sharing plans, target pricing policies, budgeting) is important

5) Maintaining the family's reputation in the community is important

6) Providing money for family members is important

7) Giving family members a feeling of prestige associated with owning a business is important

8) Reducing/eliminating key employees is important (R)

9) It is OK if the business is the primary source of family disharmony (R)

10) Lowering operating costs is important

11) Providing financial independence for family members is important

12) Increasing revenues is important

13) Preserving a family legacy is important

14) Providing a high quality of life for family members is important

15) Preventing disharmony among family members is important

16) The family's reputation in the community is NOT important (R)

17) Ensure stable profitability of the business is important

To minimize response bias, three reverse questions were added to increase the likelihood that respondents considered the questions carefully and provided more meaningful response.

<u>Independent Variables</u>

Generativity - The most commonly used scale to measure the individual level of generativity is the Loyola Generativity Scale (LGS) developed by McAdams and de St. Aubin (1992) (e.g., Newton et al., 2014; Cox, Wilt, Olson, and McAdams, 2010). The LGS consists of twenty items on a 1 to 4 scale and "has been shown as having high homogeneity, strong internal validity, and test-retest reliability" (Morselli and Passini, 2015, p. 175). However, due to the length of the LGS, a reduced version of the LGS was developed by Keyes and Ryff (1998) and referred to as the reduced Loyola Generativity Scale (R-LGS). The R-LGS consists of six items on a 1 to 4 scale and was developed in order to measure generativity in large surveys. The R-LGS is considered equal to the full length version of the LGS as many academic researchers have relied on the R-LGS (i.e. Morselli and Passini, 2015; Einolf, 2014) to measure individual generativity. Further, the 2005 panels of MIDUS used the R-LGS.[13]

Recall that Erikson's (1963) theory of human development considers generativity as "primarily the concern in establishing and guiding the next generation" (1963, p.267). It is in this regard that Morselli

[13] A national survey of Midlife Development in the U.S. (MIDUS) was conducted in 2005. The aim of the study was to investigate the role of behavioral, psychological, and social factors in accounting for age-related variations in health and well-being in a national sample of Americans.

and Passini (2015) state that the LGS and the R-LGS “do not strongly tap the orientation towards future generations which are central to the generativity concept” (p. 175). It is interesting to note that the word ‘future’ or the word ‘generation’ does not appear in either the LGS or the R-LGS. The authors suggest that the LGS and the R-LGS are more focused on the respondent’s perceptions of one’s own life. For instance, statements such as, “I try to be creative in most things I do,” “I have important skills that that I try to teach others,” and “I feel as though my contribution will exist after I die” represent this focus. In essence, the LGS and the R-LGS are focused more on prior generative accomplishments rather than on future generative concerns.

In response to the limitations of the LSG and R-LGS to fully capture the generative concern of an individual toward future generations, Morselli and Passini (2015) developed and tested the Social Generativity Scale (SGS), and Zacher et al. (2011) developed the leader generativity scale to measure leader generativity in the workplace. Each of these scales are based on the basic definition of generativity put forth by Erikson which is the concern for future generations. Accordingly, Zacher et al. (2012) used the leader generativity scale to examine the relationship between a family business owners’ generativity and family succession. The leadership generativity scale is a three item scale as follows: ‘I devote more energy to building up the next generation of business owners than to getting ahead myself’, I am more strongly concerned with establishing successful successors for the business than with working on my own success’ and ‘I use more time for rearing young business owners than for making progress in my own career’. The leadership generativity scale has a very narrow focus which is preparing future workplace leaders. For instance, in the family business context, the leader generativity scale only measures the generativity of the family business owner as it relates to preparing the future leader of the family business and fails to measure the generativity of family business owners in regarding social responsibility.

Recall that this study asserts that individual generativity is positively associated with intra-family succession goals. Moreover, intra-family succession goals such as maintaining current suppliers, maintaining key employees and family reputation in the community suggest some level of social responsibility of the dominant coalition of the family firm.[14] The SGS was developed to capture the individuals concern for future generations and social responsibility. The SGS is a six item scale measured on a on a 7-point Likert type scale (1 = strongly disagree; 7 = strongly agree) as follows:

1) I carry out activities in order to ensure a better world for future generations
2) I have a personal responsibility to improve the area in which I live
3) I give up part of my daily comforts to foster the development of the next generations
4) I think that I am responsible for ensuring a state of well-being for future generations
5) I commit myself to do things that will survive even after I die
6) I help people to improve themselves

Items 1, 3 and 4 capture the concern for future generations. To capture social responsibility, the authors borrowed items from the LGS that captured social responsibility. Items 2, 5 and 6 above capture social responsibility. The SGS was constructed and validated by Morselli and Passini (2015) in which internal reliability of the scale was reported by a Cronbach alpha score of .78. In addition, the SGS was positively correlated with the R-LGS ($p < .001$). For the purpose of this study, it was decided that the SGS is a more appropriate measure of generativity, as the SGS captures the concern of the individual toward future generations as well as social responsibility, whereas the LGS and the R-LGS capture more of the individual's perception of one's own life, and the leader generativity scale captures a rather narrow notion of generativity.

Narcissism - The most commonly used scale to measure non-clinical narcissism is the 40-item Narcissistic Personality Inventory (NPI-40) developed by Raskin and Terry (1988). However, the NPI-40 is a rather large scale and at times is not practical to implement in large scale surveys. To this end, Ames,

[14] Intra-family succession goals as presented earlier in the chapter resulting from the collection and analysis of qualitative data.

Rose, and Anderson (2006) developed and validated the Narcissistic Personality Inventory (NPI-16) as a short measure of non-clinical narcissism. The items of the NPI-16 represent an abbreviated version of the NPI-40 and has good reliability and predictive validity (Ames et al., 2006), and is therefore an appropriate alternative measure of non-clinical narcissism (e.g., Konrath, Corneille, Bushman, and Luminet, 2013; Lam, 2012). Accordingly, this study used the NPI-16 in an effort to reduce the length of the survey in order to reduce response bias due to respondent fatigue. The NPI-16 is a 16 item forced-choice scale. Each respondent was required to choose, for example, either ‘everybody likes to hear my stories,’ or ‘sometimes I tell good stories.’ A score of 1 was allocated to a response consistent with narcissism and a score of 0 was allocated to a response not consistent with narcissism. The maximum score for the NPI-16 is 16. The entire version of the NPI-16 can be found in Appendix 1 (copy of survey instrument) with responses consistent with narcissism shown in bold.

Control Variables

McAdams and de St. Aubin (1992) identify generative narration as one of the seven psychosocial features of generativity. Generative narration “is considered to be the ideal place where people construct a generative story about themselves” (Lacroix and Jolibert, 2015, p. 784). It is in this regard that an interesting theme emerged from the qualitative phase of the study, as founders seemed to express a generative story (justification) for why they desire a certain intra-family succession goal. This is evident by statements such as ‘I have helped out many city causes through this business’, I have trained many non-family employees that went on to do some good things’, I gave everything to this business in order to provide for my family……this business makes up my every fiber’. Although similar statements were made by incumbents and potential successors, these types of generative statements were more prevalent among founders. Also, “due to their long tenures and the centrality of their position in their family and firm, founders exert considerable influence on the culture and performance of their firms during and beyond their tenure” (Sharma, 2004, p. 10). Thus, this study will control for the *role of the individual within the dominant coalition* (founder, incumbent, or potential successor) to assess whether the individual’s role influences the hypothesized relationship between generativity and intra-family succession goals, as well as narcissism and the FCNE-IFSG of legacy.

A 2015 study that reviewed over 30 years of narcissism research concluded that men on average are more narcissistic than women. (Grijalva, Newman, Tay, Donnellan, Harms, Robins, and Yan, 2015). However, differences in individual generativity levels among men and women are not as conclusive. Edelstein (1995) suggests that the boundless care women provide in their early adult lives through parenting and caring for elder parents may cause women to be more inner focused in late adulthood compared to men. This study will control for *gender* to assess whether gender influences the hypothesized relationship between generativity and intra-family succession goals, as well as narcissism and the FCNE-IFSG of legacy.

This study will also include four control variables that, according to previous research, may impact family firm behaviour, specifically being the intention of the dominant coalition toward intra-family succession. (Sciascia, Nordqvist, Mazzola, and De Massis, 2015; Chrisman et al., 2012; De Massis et al., 2008). These four control variables are: generational age of the firm, firm size, financial stability of the firm and industry classification.

Generational age of the firm was measured by asking the respondent to indicate if the family business is a first, second, or third generation family business. Previous research suggests that the generational age of the firm may influence firm behavior. For instance, Zellweger and Astrachan (2008) suggest that family members become more attached to the firm over time, while Zellweger et al. (2013) suggest that the greater number of family members that identify with the firm may increase the firm’s dominant coalition motivation toward family centered non-economic goals. Thus, the generational age of the firm may influence the intention of the dominant coalition of the family firm toward intra-family succession.

Firm size was measured as the number of employees the firm employs according to the following categories: 1 to 10 employees; 11 to 50 employees; or 51 to 99 employees. These thresholds are consistent with the Statistics Canada's classification of small businesses discussed in chapter 2. Previous research suggests that a positive relationship exists between the size of the firm and the intention of the dominant coalition of the firm toward intra-family succession (Venter, Boshoff, and Mass, 2005; Stavrou, 1999). On the other hand, a family firm can become so large in size that the professionalization of the firm creates a large gap between the family and the firm (Chrisman et al., 2012) and this may reduce the motivation of potential family successors.

De Massis et al. (2008) suggest that market performance can impact the willingness of the dominant coalition toward intra-family succession. In other words, decreased profitability and / or deteriorating market conditions, may cause founders and incumbents to feel that it is not financially feasible or responsible to transfer the business to the next generation. Moreover, potential successors may not be interested in assuming the leadership role of a business operating in a deteriorating market place. For this study, *financial stability of the firm* was measured by asking the respondent to indicate with a 'yes' or 'no' (coded 1=yes, 2=no) answer if they perceive the business to be financially stable.

Researchers have suggested that industry may influence the intention of the dominant coalition toward intra-family succession (Chrisman et al., 2012). For instance, a technology business may require a high level of education and innovative abilities that cannot be easily transferred to the next generation. Additionally, consider the local coffee shop that has operated for 40 years serving a specific urban area. Increasing the market share of this business may be more difficult given industry giants such as Tim Hortons's and Starbucks. As a result, this may reduce the willingness of a potential successor to assume the leadership role of the business. For the purpose of this study, *firm industry* was measured by asking the respondent to classify the firm into one of the following categories: (1) Wholesale or Retail; (2) Manufacturing; (3) Technology; (4) Agricultural and (5) other.

Pretesting the Instrument

Once finalized, the questionnaire was pre-tested by 16 respondents that are all members of family firms. These respondents were selected by the researcher and known to the researcher as each they were clients of the professional accounting firm of the researcher. None of these respondents were used in the pilot study phase of this project and none were used as part of the research sample. The purpose of pre-testing the questionnaire was to ensure that the questions were easily understood by the respondents, and to identify problems that would require modification to the questionnaire. Results from pretesting the questionnaire were encouraging, as all respondents were able to understand and clearly answer each question.

Advantages and Disadvantages of the Self-completion Questionnaire

Using the framework of Bryman and Bell (2007), the advantages of using the self-completion questionnaire for this study was as follows: First, the self-completion questionnaire is quicker to administer as it would have taken considerable more time to conduct personal interviews. Second, as stated previously, a self-completion questionnaire completely eliminates interviewer effects. When the interviewer is present, the respondent has a tendency to exhibit social desirability bias (Bryman and Bell, 2007). This possible bias is mitigated by the use of a self-completion questionnaire. Third, the self-completion questionnaire eliminates interviewer variability. Last, the self-completion questionnaire was more convenient for the respondents because they were able to complete the questionnaire at their pace. In regard to the disadvantages, Bryman and Bell (2007) outline many disadvantages of using a self-completion questionnaire. Most notably, self-completion questionnaires do not allow for the respondent to ask for assistance if they do not understand a question. This potential disadvantage was mitigated through the development and pre-testing of the questionnaire. The questionnaire was developed to ensure that questions were clear and precise, and the questionnaire was pre-tested to ensure respondents had no difficulty interpreting and answering any question.

Analysis of the Data

The data from the questionnaire was translated into numerical codes by the researcher with the assistance of a statistician. All descriptive data was coded categorically (i.e. 1=male, 2=female; 1=willing, 2=non-willing; 1=founder, 2=incumbent, 3= potential successor) and all scale items were coded in accordance to their continuous values. Simple linear regressions were performed to test the stated hypotheses. Statistical analysis was completed using the SPSS (ver. 12) computer program.

(3.3) Ethical Considerations

Research must be carried out in a responsible fashion, whether it is qualitative or quantitative. Polit and Hungler (1999) suggest that the principle of autonomy should be paramount in any research project. In essence, the principle of autonomy is that the participation in the research is voluntarily and the purpose of the research has been fully disclosed to the participant. This was particularly applicable in the qualitative part of the study. As stated previously, the researcher is a practicing accountant and the individuals interviewed were all clients of the researcher. As such, the researcher spent considerable time at the beginning of each interview to remind the participant that they are not required to participate, and if they choose not to participate, it will not impact of the professional relationship that already exists. Also, the purpose (doctoral dissertation) of the study was explained to all participants.

In both the qualitative and quantitative phase of the study the researcher was guided by the principle of justice, in that all participants were treated fairly and the principle of ‘do no harm’ to any of the participants was applied. Harm cab be psychological as well as physical, and the researcher assured the participants that all information and data obtained will be confidential, stored in an appropriate manner, and the participant’s anonymity will be maintained. This is most imperative in a qualitative study as the nature of data collection makes autonomy and confidentiality almost impossible (Streubert and Carpenter, 1999). The participants were told and assured by the researcher that no names or personal identification will be linked to any data point, and no names or persons will make up any part of the final research report. Further, in conducting the semi-structured interviews the researcher formulated and asked the questions in a simple and casual manner to ensure a relaxed and comfortable experience for the participant. For the quantitative part of the study, the anonymity of the participant was not a concern as the questionnaire did not ask personal information that would expose the identity of the participant. The researcher formulated the questions so that they were easy to understand and allowed the participant to complete the questionnaire in a reasonable period of time.

(3.4) Summary

The qualitative phase of this study was instrumental in the development of the structured questionnaire as it identified the intra-family succession goals to be included in the questionnaire. Further, many efforts were made to ensure the reliability and validity of the data such as including reverse questions, ensuring that the participants' responses would remain confidential, and pre-testing the instrument. The following chapter will present the findings from the collection of the quantitative data using descriptive and interpretive statistical techniques.

CHAPTER 4 – FINDINGS

As stated in chapters 1 and 2, the aim of this study was to offer insight into the definition of intra-family succession through the lens of the dominant coalition of the family firm, identify the intended intra-family succession goals which the dominant coalition of the family firm desire from intra-family succession, and to explain why these goals are important. As presented in chapter 3, the qualitative phase of the study identified the intra-family succession goals and these goals were used to develop the survey instrument used to collect quantitative data. In this chapter, the findings of the quantitative data collected from the on-line questionnaire will be presented. This chapter starts with a summary of the data collected and the characteristics of the respondents (4.1). This is followed by a discussion relating to the reliability and validity of the data collected (4.2). Descriptive statistics will be presented that offer insight to the definition of intra-family succession, and the level of agreement of intra-family succession goals by the dominant coalition of the family firm (4.3). This discussion is followed by a presentation of the results relating to the testing of the two hypotheses, which are the relationship between intra-family succession goals and generativity, and the relationship between the family centered non-economic intra-family succession goal *(FCNE-IFSG)* of legacy and narcissism (4.4). The final section of the chapter will provide a summary of the findings (4.5).

(4.1) Survey Results and Characteristics of the Sample

As outlined in chapters 2 and 3, this study considers both family involvement (ability) and family essence (willingness) as necessary conditions as the basis for a family firm definition (De Massis et al., 2014). Accordingly, the respondents were filtered in order to ensure that the sample of this study met the ability and willingness conditions.

This study surveyed a representative panel of small business owners operating in Ontario, Canada through an on-line survey. The on-line survey was administered through an independent research company that had access to a target convenience population which was comprised of small business owners / managers located in Ontario, Canada. Fifteen hundred individuals were invited to participate in the survey. A total of 603 individuals started the survey, of which 358 were eliminated either by the respondent indicating they were not a member of a family that owns a family business, the firm employed more than one hundred people, or due to missing data, which resulted in 245 completed surveys for a total response rate of 16.3%.

The 245 completed surveys were then filtered to ensure the sample met the ability and willingness conditions. In order to control for the ability condition, the family must have owned at least 51% of the business, have at least one family member involved in management, *and* the family must have control (at least 51%) of the board of directors. As a result, 47 respondents were eliminated resulting in 198 completed surveys that satisfied the ability condition. In order to control for the willingness condition, the respondent must have indicated a desire that in the future a family member retain control of ownership, management *or* governance of the firm. Consequently, 52 respondents did not meet the willingness condition (referred to as the non-willing group) resulting in 146 completed surveys that met the ability and willingness conditions (referred to as the willing group).[15] The reduction of the sample size by approximately 40% (245 to 146) is a result of the requirement of the sample to satisfy the ability and willingness condition, and such sample reduction rates are common in studies of small firms (Chrisman et al., 2012). Table 4.1 below summarizes the constructing of the effective sample for this study.

Table 4.1 – On-line Survey Results

[15] It should be noted that 92% (n=135) of the sample were one hundred percent family owned firms and the family had one hundred percent control of the board of directors.

	Count (n)	Percentage (%)
Total Invited	1500	100 %
Participated	603	40 %
Completed	245	16 %
Ability Condition	198	13 %
Ability and Willingness Condition	146	10 %

The effective sample size of this study is 146 (N=146). Sixty-six percent (n=97) of the respondents were male and 34% (n=49) were female. In terms of respondents age, 66% (n=96) of the respondents were 51 years of age and older, while 26% (n=38) were between the ages of 36 – 50. In terms of education, 71% (n=104) have a college degree. Sixty-six percent (n=96) were founders, 27% (n=40) were incumbents and 7% (n=10) were potential successors. In terms of firm size, 71% (n=104) of the firms had 1 to 10 employees, 24% (n=35) had 11 to 50 employees and 5% (n=7) had 51 to 99 employees. Seventy-one percent (n=104) of the firms were first generation, 26% (n=38) were second generation and 3% (n=4) were third generation. Table 4.2 below illustrates that demographics of the sample.

Table 4.2 – Demographics of the Sample (N=146)

Level of Education	High School	Some College	College/University	Some Post Graduate	Post Graduate
	17	25	66	18	20

Industry	Wholesale/Retail	Manafacturing	Technology	Agriculture	Other
	31	7	18	6	84

Age	18-25	26-35	36-50	51-75	over 75
	3	9	38	59	37

Firm Size (employees)	1 to 10	11 to 50	51 to 99
	104	35	7

Firm Age (Generation)	First	Second	Third
	104	38	4

Dominant Coalition	Founder	Incumbent	Potential Successor
	96	40	10

Gender	Male	Female
	97	49

As mentioned in chapter 3, this study also included four control variables that, according to previous research, may impact family firm behaviour such as willingness toward intra-family succession. (Sciascia et al., 2015; Chrisman et al., 2012). The control variables for this study were firm age, industry of the firm, perceived financial stability of the firm, and firm size. Cross tabulations were performed comparing the respondents that met the willingness condition (willing group; n=146) and the respondents that did not meet the willingness condition (non-willing group; n=52) for the respective control variables. The results indicated no significant difference between the groups (willing vs non-willing), suggesting that these control variables had no effect on the willingness toward intra-family succession.

In order to ensure the representativeness of the sample, the sample was compared to the general small business population in Canada. The sample was compared to the Statistics Canada 2012 business register in terms of number of employees, gender and industry. Except for the fact that females are overrepresented in the sample (34%) compared to the national average (24%), and that males are underrepresented in the sample (66%) compared to the national average (76%), the sample of this study is comparable to the national demographics. Further, in terms of generational age of the firm, the sample appears consistent with the family business statistics that 30% of family firms survive to second generation and only 10% survive to the third generation. In other words, given these statistics it would be expected that within a population of family business there would be considerably more first generation firms than second and third generation firms. The sample of this study meets this expectation as 71% of the firms are first generation, compared to 26% second generation and 3% third generation. Table 4.3 below summarizes the comparison of the sample of this study to the general small business population in Canada.

Table 4.3 - Demographic Characteristics of the Sample Compared to the General Small Business Population in Canada

Firm Size (employees)	Sample (N=146)	General Small Business Population*
1 to 10	71%	75%
11 to 50	24%	21%
51 to 99	5%	3%
Gender		
Male	66%	76%
Female	34%	24%
Industry		
Wholesale/Retail	21%	18%
Manafacturing	5%	5%
Technology	12%	11%
Agriculture	4%	3%
Other	58%	63%

* Source - Statistics Canada 2012 Business Register (1 percent employ 100 or more employees)

(4.2) Reliability and Validity

As mentioned in the previous chapter, a Likert type scale was used to measure the perceived importance of each of the fourteen intra-family succession goals. Further, to mitigate common response bias three reverse items were added for a total of seventeen items relating to intra-family succession goals. For the seventeen individual Likert items representing intra-family goals the Chronbach's alpha score was .928.[16] The Chronbach's alpha score for items deleted reacted as expected. The deletion of any of the 14 intra-family succession goal items reduces the Chronbach alpha score, and when any of the reverse questions are deleted the Chronbach alpha increased as expected. Furthermore, the 14 intra-family succession goal items showed strong positive inter-item correlations and the three reverse items all showed negative correlations.

The Chronbach's alpha score for generativity and narcissism were .902 and .849, respectively. These are comparable to those scores reported in previous studies using identical constructs to measure generativity and narcissism (Morselli and Passini, 2015; Konrath et al., 2013; Lam, 2012).

[16] Chronbach's alpha measures how closely related a set of items are as a group. It is a measure of internal consistency.

Common method variance is the variance that is attributable to the measurement method rather than to the constructs, and is of specific concern with research involving self-reported measures (Podsakoff and Organ, 1986). To test for common method variance on the scale measuring the intra-family succession goals, a Harmon one-factor test was performed. This resulted in a cumulative variance score of 57.5%. Given this result, the researcher ran a principal components analysis, which examines the amount that each variable (each goal) is believed to contribute to the measurement (14 intra-family succession goal items and 3 reverse items). The communalities was set at unity (1) to assume each variable contributes equally to the measurement. Extraction of the items indicate that the items are not equally weighted, as the 14 intra-family succession goal items had extraction values that were higher than the reverse items, indicating a greater contribution to the measurement than the reverse items.

Further, it was expected that the willing participants (n=146) would place greater importance on intra-family succession goals than the non-willing participants (n=52). To test this expectation, the researcher performed t-tests comparing the willing and non-willing groups in relation to the fourteen intra-family succession goals. The t-test confirmed the expected measurement tool performance as there was a significant difference ($p < .001$) between the two groups in regards to the importance of intra-family succession goals as the willing group placed more importance on intra-family succession goals compared to the non-willing group. The above results suggest that common method bias does not appear to be a significant problem in this study.

(4.3) General Findings

This section will summarize and present the findings relating to the definition of intra-family succession (4.3.1) and the level of agreement of each intra-family succession goal (4.3.2) from the perspective of the dominant coalition of family firms.

(4.3.1) Intra-family Succession Defined

As outlined in the previous chapter, to evaluate how the dominant coalition of the family firm defines intra-family succession, the respondents were asked the following: In regard to the intra-family succession of the business, please indicate the extent to which you agree or disagree with the following statements. Statements were asked in accordance to the dynamics of ownership, management and governance and the finding are presented in Table 4.4 below.

Table 4.4 - Frequency Table Outlining responses to Research Question #1 (N=146)

What is intra-family succession?

Ownership	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Ideally, one hundred percent ownership of the business should be retained within the family,	0	2 (1%)	3 (2%)	13 (9%)	6 (4%)	53 (36%)	69 (48%)
The family should always retain at least fifty one percent ownership of the business	1 (1%)	0	6 (4%)	17 (12%)	9 (6%)	44 (30%)	69 (48%)
Management							
The CEO and or President of the business should always be a family member	0	0	5 (3%)	20 (14%)	10 (7%)	43 (29%)	68 (47%)
A family member should always be involved in the day-to-day management of the business	0	0	4 (3%)	16 (11%)	13 (9%)	42 (29%)	71 (49%)
Governance							
The chairman of the board of directors should always be a family member	0	0	1 (1%)	24 (16%)	7 (5%)	48 (33%)	66 (45%)
The family should always retain voting control of the board of directors.	0	1 (1%)	2 (1%)	16 (11%)	9 (6%)	46 (32%)	72 (49%)

Table 4.4 illustrates for each statement the frequency to which the respondents indicated they disagreed or agreed with the respective statement based on a 7-point Likert scale. The findings suggest that in regard to firm ownership, the dominant coalition agree that controlling ownership should be retained by the family, as 78% (n=113) of the respondents indicated that they either agree or strongly agree that the family should retain at least 51% of the business. Moreover, 84% (n=122) of the respondents either agreed or strongly agreed with the statement that 100% ownership of the business should be retained by the family. In regard to the dynamic of management, the findings indicate that the dominant coalition

agree that family should maintain significant managerial involvement in the business, as 78% (n=113) of the respondents indicated that they either agree or strongly agree that a family member should always be involved in the day-to-day management of the business. Further, 76% (n=111) of the respondents either agreed or strongly agreed with the statement that the CEO or President of the business should always be a family member. Last, in regard to the dynamic of governance, the findings suggest that the dominant coalition agree that the family should retain control of the governance of the firm, as 81% (n=118) of the respondents indicated that they either agree or strongly agree with the statement that the family should always retain voting control of the firm. Also, 78% (n=114) of the respondents either agreed or strongly agreed with the statement that the chairman of the board of directors should always be a family member. The statistics cited above represent the percentage of respondents that indicated they either 'agree' or 'strongly agree' with the various statements, and these results are further supported when including the percentage of respondents that indicated 'somewhat agree' to the various statements.

In summary, these results indicate that the dominant coalition agree that the dynamics of ownership, management or governance are factors to consider when transferring the business to the next generation. The analysis and implications of these results will be discussed in the following chapter of this study.

(4.3.2) Intra-family Succession Goals

To measure the level of agreement of each intra-family succession goal, respondents were asked to indicate how strongly each IFSG represented the goals they intend to achieve by transferring the business to the next generation which cannot be achieved through non-family succession. As mentioned in the previous chapter, each statement represents an intra-family succession goal identified from the qualitative phase of the study and these goals are categorized as follows: economic *(E-IFSG)*, intermediate economic (IE-IFSG) and family centered non-economic (FCNE-IFSG). The findings are presented in Table 4.5 below.

Table 4.5 below illustrates the frequency to which the respondents disagreed or agreed with the particular statements regarding each intra-family succession goal based on a 7-point Likert scale. It is noted that not a single respondent indicated that they strongly disagree, disagree or somewhat disagree with any of the intra-family succession goals, and thus Table 4.5 does not include these item scores. The findings suggest that overall, each of the fourteen intra-family succession goals identified in the qualitative phase of the study are considered important by the dominant coalition. The following will highlight the findings presented in Table 4.5 in accordance to the intra-family succession goal categories.

Table 4.5 - Frequency table illustrating importance of Intra-family Succession Goals

(N=146)

Economic	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Increasing revenues is important	7 (5%)	21 (14%)	53 (36%)	65 (45%)
Ensure stable profitability of the business is important	7 (5%)	13 (9%)	59 (40%)	67 (46%)
Lowering operating costs is important	13 (9%)	35 (24%)	49 (37%)	49 (37%)
Lowering management control costs is important	28 (19%)	28 (19%)	55 (38%)	35 (24%)
Providing financial independence for family members is important	11 (8%)	21 (14%)	60 (41%)	54 (37%)
Providing money for family members is important	15 (10%)	25 (17%)	53 (36%)	53 (36%)
Intermediate Economic				
Maintaining good relationships with long-term suppliers of the business is important	2 (1%)	16 (11%)	56 (38%)	72 (49%)
Retaining key employees of the business is important	6 (4%)	17 (12%)	62 (43%)	61 (42%)
Family Centered Non-Economic				
Giving family members a feeling of prestige associated with owning a business is important	28 (19%)	38 (26%)	42 (29%)	38 (26%)
Preventing disharmony among family members is important	12 (8%)	21 (14%)	50 (34%)	63 (43%)
Providing family members with employment is important	29 (20%)	26 (18%)	41 (28%)	50 (34%)
Maintaining the family’s reputation in the community is important	17 (12%)	14 (10%)	52 (36%)	63 (43%)
Preserving a family legacy is important	20 (14%)	26 (18%)	51 (35%)	49 (34%)
Providing a high quality of life for family members is important	8 (6%)	27 (19%)	44 (30%)	67 (46%)

Economic (E-IFSG)

The findings suggest that in regard to E-IFSGs, the dominant coalition desire that these goals be achieved through intra-family succession. For instance, 86% (n=126) of the respondents either agreed or strongly agreed with the statement that ensuring stable profitability of the business is an important goal to be achieved through intra-family succession. Further, 81% (n=118) of the respondents either agreed or strongly agreed with the statement that increasing revenue is important, while 78% (n=114) either agreed or strongly agreed that providing financial independence for family members is important. Last, 62% (n=90) of respondents agreed or strongly agreed to the statement that lowering management control costs is an important goal to be achieved through intra-family succession.

Intermediate Economic (IE-IFSG)

The findings also suggest that in regard to IE-IFSGs, the dominant coalition desire that these goals be achieved through intra-family succession. For instance, 87% (n=128) of the respondents either agreed or strongly agreed with the statement that maintaining good relations with long-term suppliers is an important goal, while 85% (n=123) either agreed or strongly agreed that retaining key employees of the business is important.

Family Centered Non-Economic (FCNE-IFSG)

In regard to FCNE-IFSGs, the findings overall suggest that the dominant coalition desire that these goals be achieved through intra-family succession. For example, 79% (n=115) of the respondents either agreed or strongly agreed with the statement that maintaining the family's reputation in the community is important, while 77% (n=113) either agreed or strongly agreed that preventing family harmony was important. Whereas, 55% (n=80) of the respondents either agreed or strongly agreed with the statement that giving family members a feeling of prestige associated with owning the business was important, and 62% (n=91) either agreed or strongly agreed that providing family members with employment is important.

Table 4.6 below illustrates for the percentage frequency which founders (F), incumbents (I) and potential successors (PS) indicated they disagreed or agreed with each statement regarding the importance of intra-family succession goals based on a 7- point Likert scale.

Table 4.6 - Percentage Table of responses categorized by Founder (n=96), Incumbent (n=40) and Potential Successor (n=10)

	Neither Agree nor Disagree			Somewhat Agree			Agree			Strongly Agree		
Economic	F	I	PS	F	I	PS	F	I	PS	F	I	PS
Increasing revenues is important	7 %	0 %	0 %	17 %	10 %	10 %	31 %	37 %	80 %	45 %	53 %	10 %
Ensure stable profitability of the business is important	5 %	5 %	0 %	9 %	8 %	10 %	39 %	40 %	60 %	47 %	48 %	30 %
Lowering operating costs is important	13 %	3 %	0 %	21 %	25 %	50 %	35 %	28 %	40 %	31 %	45 %	10 %
Lowering management control costs is important	22 %	8 %	40 %	23 %	13 %	10 %	34 %	45 %	40 %	21 %	35 %	10 %
Providing financial independence for family members is important	7 %	10 %	0 %	15 %	8 %	40 %	42 %	40 %	40 %	37 %	32 %	20 %
Providing money for family members is important	12 %	5 %	20 %	20 %	10 %	20 %	34 %	40 %	40 %	34 %	45 %	20 %
Intermediate Economic												
Maintaining good relationships with long-term suppliers of the business is important	2 %	0 %	0 %	9 %	15 %	10 %	39 %	33 %	60 %	50 %	53 %	30 %
Retaining key employees of the business is important	4 %	5 %	0 %	10 %	15 %	10 %	43 %	38 %	60 %	43 %	43 %	30 %
Family Centered Non-Economic												
Giving family members a feeling of prestige associated with owning a business is important	24 %	13 %	0 %	27 %	20 %	40 %	24 %	38 %	40 %	25 %	30 %	20 %
Preventing disharmony among family members is important	8 %	8 %	10 %	18 %	8 %	10 %	29 %	48 %	30 %	45 %	38 %	50 %
Providing family members with employment is important	21 %	18 %	20 %	24 %	5 %	10 %	25 %	33 %	40 %	30 %	45 %	30 %
Maintaining the family's reputation in the community is important	12 %	15 %	0 %	10 %	8 %	10 %	34 %	35 %	50 %	44 %	43 %	40 %
Preserving a family legacy is important	17 %	5 %	20 %	21 %	8 %	30 %	30 %	45 %	40 %	32 %	32 %	10 %
Providing a high quality of life for family members is important	7 %	3 %		20 %	13 %	30 %	32 %	25 %	30 %	41 %	60 %	40 %

Although the relative interpretation of the data presented in Table 4.6 is limited due to the small sample size of potential successors (n=10), the overall findings seem to suggest that there was not a substantial difference among the three groups in regard to the goals that are desired through intra-family succession. Specifically, the percentage of founders that either ‘agreed’ or ‘strongly agreed’ that each IFSG was important was very similar compared to the incumbents, and this is represented by the highlighted areas in Table 4.6. In other words, it seems apparent that the three groups that make up the dominant coalition of the family firm place similar importance on the fourteen IFSGs identified in this study.

In summary, the results presented in this section indicate that the dominant coalition of family firms desire economic, intermediate economic and family centered non-economic intra-family succession goals. From the data presented above, it appears that FCNE-IFSG are considered least important relative to E-IFSG and IE-IFSG. However, recall from chapter 1 that the scope of this study was to identify intra-family succession goals and not to rank or prioritize these goals. Therefore, in keeping with the scope and objectives of this study, the findings presented above suggest that the fourteen intra-family succession goals identified in the qualitative phase of this study represent some of the goals that the dominant coalition desire through intra-family succession, as each of these goals were considered important by individuals of the dominant coalition. The interpretation, analysis and implication of these results will be presented in the following chapter of this study.

(4.4) Inferential Statistics and Hypotheses Testing

In this section of the study, the results relating to the testing of the two hypotheses will be presented. To restate the hypotheses presented in chapter 2, the first hypothesis of this study states that a positive relationship exists between intra-family succession goals and generativity. The second hypothesis of this study states that the family centered non-economic intra-family succession goal *(FCNE-IFSG)* of legacy is positively associated with generativity and narcissism.

Prior to presenting the results of the test relating to the two hypotheses stated above, recall from chapter 2 that this study proposes that those firms that do not plan for succession may still be led by individuals high in generativity, as these individuals may express their generative concerns in ways other than through the pursuit intra-family succession goals. The researcher performed a t-test comparing the willing group (n=146) and the non-willing group (n=52) in terms of generativity and no significant difference ($p < .001$) was found. Also, t-tests were performed comparing the level of agreement of each intra-family succession goal and a significant difference was found for each intra-family succession goal ($p < .005$; and $p < .001$) between the willing group (n=146) and the non-willing group (n=52), with the willing group agreeing to the various statements regarding IFSGs compared to the non-willing group. These results provide support for the assertion that firms that do not desire intra-family succession may still be led by individuals high in generativity, as these individuals may choose to express their generative concerns in actions other than the pursuit of intra-family succession goals.

Simple linear regression was used to test the stated hypotheses of this study. To satisfy the assumptions of simple linear regression the mean must be reliable, the observations must be independent and the data continuous. Although the Kolmogorov-Sminov test of normality was violated, the mean can be relied upon as no outliers existed in the data. In hindsight, it is acceptable that the data does not follow a normal distribution due to the demographics of the sample being only those respondents that desired intra-family succession (willingness condition). Moreover, the observations were independent and the data was continuous, and therefore it was appropriate to test the hypotheses using simple linear regression.

To test hypothesis 1, a simple linear regression was performed to predict whether higher levels of individual generativity were positively associated with each outcome variable, being the specific intra-family succession goal. Intra-family succession goals were all significantly (at moderate levels) correlated with generativity with an average Pearson correlation of $r = .337$, $p < .001$.[17] The average regression slope was significantly different from zero with an average $\beta = .0517$, $t = 4.3099$, $p < .001$. On

[17] The intra-family succession goal of provide employment for family was significant at $p < .05$.

average, this beta tells us that with every change in an individual's generativity score there was a .0517 change in the measured level of agreement of each intra-family succession goal. The regression did explain an average variance of $R^2 = .116$, $F(1, 144) = 19.0537$, $p < .001$, MSE = .807, Std. Err = .8915. This standard error of the estimate represents how accurately the regression equation can predict the Y-values. Therefore, this regression can accurately predict the measured level of agreement of intra-family succession goals on an average of ± .8915 points. Table 4.7 below presents the results of the regressions for generativity (independent variable) on each intra-family succession goal (dependant variable).

The regression results reported in Table 4.7 above illustrate the influence of generativity on each of the fourteen intra-family succession goals. Overall, the regression results suggest that generativity partially explains why individuals of the dominant coalition of a family firm desire intra-family succession goals as the regressions were all significant ($p < .001$, and $p < .005$). The adjusted R^2 for these goals ranged from .058 to .177. The relatively low R^2 values is common in behavioural research as humans are inherently difficult to predict (Neter, Kutner, Nachtseim, and Wasserman, 1996). Nonetheless, some of the variation of the level of agreement of each intra-family succession goal can be explained by the variation of individual generativity. These results provide support for the first hypothesis of this study that generativity is positively associated with intra-family succession goals.

To test hypothesis 2, a simple linear regression was used to predict whether higher levels of narcissism increased the measured level of agreement placed on the FCNE-IFSG of preserving the family legacy. The FCNE-IFSG of legacy was significantly (at low levels) correlated with narcissism ($r = .218$) significant at $p = .004$. The regression slope ($\beta = .060$) was significantly different from zero ($t = 2.677$, $p = .008$), and the regression equation did explain a significant amount of variance, $R^2 = .047$, $F(1,144) = 7.165$, $p = .008$, MSE = 1.012, Std. Err = 1.006. Therefore, 4.7% of the variation of the level of agreement placed on the FCNE-IFSG of legacy can be explained by the variation in the level of narcissism. These results also provide support for the second hypothesis of this study that both narcissism and generativity are positively associated with the FCNE-IFSG of legacy.

Table 4.7 - Regression Results - Generativty

Economic (E-IFSG)	**Mean**	**Std. Dev.**	**r**	**β**	**t (144)**	**R^2**	**F (1,144)**	**MSE**	**Srd. Err.**
Increasing revenues is important	6.21	0.862	0.371**	0.053	4.793	0.138	22.975**	0.646	0.804
Ensure stable profitability of the business is important	6.27	0.818	0.341**	0.046	4.359	0.117	18.999**	0.595	0.772
Lowering operating costs is important	5.91	0.982	0.336**	0.054	4.279	0.113	18.306**	0.862	0.928
Lowering management control costs is important	5.66	1.046	0.292**	0.05	3.668	0.085	13.451**	1.007	1.003
Providing financial independence for family members is important	6.08	0.903	.362**	0.054	4.657	0.131	21.689**	0.713	0.845
Providing money for family members is important	5.99	0.975	0.42**	0.068	5.559	0.177	30.908**	0.789	0.888
Intermediate Economic (IE-IFSG)									
Maintaining good relationships with long-term suppliers of the business is important	6.36	0.731	0.376**	0.045	4.87	0.141	23.713**	0.462	0.68
Retaining key employees of the business is important	6.22	0.809	0.401**	0.053	5.247	0.161	27.532**	0.554	0.744
Family Centered Non-Economic (FCNE-IFSG)									
Giving family members a feeling of prestige associated with owning a business is important	5.62	1.072	0.347**	0.061	4.435	0.12	19.672**	1.017	1.009
Preventing disharmony among family members is important	6.12	0.946	0.316**	0.049	4.003	0.1	16.02**	0.811	0.901
Providing family members with employment is important	5.77	1.127	0.24*	0.045	2.972	0.058	8.832*	1.204	1.097
Maintaining the family's reputation in the community is important	6.1	0.995	0.301**	0.049	3.783	0.09	14.308**	0.906	0.952
Preserving a family legacy is important	5.88	1.027	0.266**	0.045	3.313	0.071	10.976**	0.987	0.994
Providing a high quality of life for family members is important	6.16	0.917	0.344**	0.052	4.4	0.119	19.362**	0.747	0.864

N=146
* p < .005; ** p < .001

As mentioned in the previous chapter, this study controlled for the individual's role within the dominant coalition (founder, incumbent or potential successor) and gender to evaluate whether these variables influence the relationship between generativity and intra-family succession goals, as well as narcissism and the FCNE-IFSG of legacy.

To examine the influence of role within the dominant coalition, the sample was categorized by founder (n=96) and incumbents (n=40).[18] The researcher performed a t-test comparing founders (n=96) and incumbents (n=40) in terms of their level of generativity, and no significant difference ($p < .001$) was found. Also, simple linear regressions were performed to examine the relationship between generativity and each of the fourteen intra-family succession goals while controlling for the individual's role within the dominant coalition. For the founders, significant ($p < .001$) regressions were observed for thirteen out of the fourteen intra-family succession goals.[19] The adjusted R^2 for the thirteen IFSG's ranged from .058 to .162. For the incumbents, only eight out of the fourteen intra-family succession goals were significant.[20] The adjusted R^2 for the eight IFSG's ranged from .195 to .390. These results suggest that although there is no significance difference in individual generativity levels between founders and incumbents, it appears that founders are more likely than incumbents to pursue intra-family succession goals as an expression of their individual generativity.

The researcher also performed a t-test comparing founders (n=96) and incumbents (n=40) in terms of their level of narcissism and no significant difference ($p < .001$) was found. Simple linear regressions were also performed controlling for the individual's role within the dominant coalition in regards to the relationship between narcissism and the FCNE-IFSG of legacy. The results of the regression indicate that only for the founders was the FCNE-IFSG of legacy significantly (at moderate levels) correlated with narcissism ($r = .309$) significant at $p = .002$. The regression slope ($\beta = .089$) was significantly different from zero ($t = 3.151$, $p = .002$), and the regression equation did explain a significant amount of variance, $R^2 = .096$, $F(1, 94) = 9.932$, $p = .002$, MSE = 1.062, Std. Err = 1.031. This result suggests that although there is no difference in the individual levels of narcissism between founders and incumbents, the FCNE-IFSG of legacy can be partially explained as a narcissistic expression of the founder, and not of the incumbent.

[18] Regressions were not performed for potential successors due to the small sample size (n=10).
[19] The regression was not significant for the IFSG of employment for family members.
[20] Regressions were not significant for the IFSG's of lowering management control costs, stable profits, prestige of family ownership, increase revenues, and family legacy.

To examine the influence of gender, the sample was categorized by male (n=97) and female (n=49). The researcher performed t-test comparing males (n=97) and females (n=49) in terms of their level of generativity and narcissism, and no significant difference ($p < .001$) was found. Simple linear regressions were also performed to examine the relationship between generativity and each of the fourteen intra-family succession goals while controlling for gender. For males, significant ($p < .001$) regressions were observed for thirteen out of the fourteen intra-family succession goals.[21] The adjusted R^2 for the thirteen IFSG's ranged from .088 to .239. For women, only seven out of the fourteen intra-family succession goals were significant.[22] The adjusted R^2 for the three IFSG's ranged from .083 to .165. These results suggest that although there is no difference in individual generativity levels between males and females of the dominant coalition, it appears that males are more likely than females to pursue intra-family succession goals as an expression of their individual generativity.

Simple linear regressions were also performed controlling for gender within the dominant coalition in regard to the relationship between narcissism and the FCNE-IFSG of legacy. The results of the regression indicate that only for males was the FCNE-IFSG of legacy significantly (at low levels) correlated with narcissism ($r = .213$) significant at $p = .037$. The regression slope ($\beta = .060$) was significantly different from zero ($t = 2.121$, $p = .037$), and the regression equation did explain a significant amount of variance, $R^2 = .045$, $F(1, 95) = 4.498$, $p = .037$, MSE = .977, Std. Err = .989. This result suggests that although there is no difference in the individual levels of narcissism between males and females, only for males can the FCNE-IFSG of legacy be explained, in part, as a narcissistic expression.

(4.5) Summary of Findings

As stated in at the beginning of this chapter, the aim of this study was to offer insight regarding the definition of intra-family succession through the lens of the dominant coalition of the family firm, identify the intended goals which the dominant coalition of the family firm desire through intra-family succession

[21] The regression was not significant for the IFSG of provide employment for family.
[22] The regressions were not significant for the IFSG's of family legacy, increase revenue, retain key employees, maintain reputation in community, lower operating costs, prevent family disharmony, maintain relationships with suppliers.

that cannot be achieved through non-family succession, and to explain why these goals are important. The findings presented above suggest that the dominant coalition of the family firm are of the view that the dynamics of ownership, management or governance should be considered when transferring the business to the next generation. Further, the findings identified fourteen intra-family succession goals that the dominant coalition wish to achieve through intra-family succession. Last, the findings of this study suggest that the psychological personality and behavioral traits of individual generativity and narcissism partially explain why individuals of the dominant coalition desire intra-family succession goals. The next chapter will discuss within the context of this study's research problem and family firm literature, the meaning and significance of these findings.

CHAPTER 5 – DISCUSSION, CONTRIBUTIONS, LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This chapter will discuss the findings presented in the previous chapter in relation to the literature and the stated objectives of this study. Further, this chapter will discuss the contributions and limitations of this study as well as directions for future research. This chapter has four parts. First, the research purpose of this study will be revisited and the research questions will be restated (5.1). Second, an interpretation and discussion of the results presented in chapter 4 will be offered in light of the stated objectives of this study and the family firm literature (5.2). The theoretical and analytical contributions of the study will be discussed (5.3). Last, limitations of the study and directions for future research will be discussed (5.4).

(5.1) Research Purpose and Research Question

This study was positioned at the intersection of two features that differentiate a family firm from a non-family firm, namely the strategic management decision of intra-family succession, and the widely held view among family firm researchers that family firms pursue economic and non-economic goals, specifically family centered non-economic goals. Moreover, the emphasis on family-centered non-economic goals may be a factor that differentiates the various types of family firms (Chrisman et al., 2012).

In general, intra-family succession is the transfer of ownership and / or management leadership of the firm from one family member to another (De Massis et al., 2012; Le Bretton-Miller et al., 2004). Further, intra-family succession has been a core topic in family firm research (Debicki et al., 2009). As stated in chapter 2, intra-family succession invariably lies within the domain of social science research, and like many topics, suffers from a lack of definitional precision. Consequently, family firm researchers continue to investigate the topic of intra-family succession by using operational criteria such as ownership, management, and governance to define intra-family succession (Garcia-Castro and Aguilera, 2014; Bennedsen et al., 2007). Although convenient, operational definitions may not allow researchers to capture the true reality of intra-family succession, thus the comparability of intra-family succession studies may be limited. For instance, consider a firm that retains one hundred percent family ownership control, but relinquishes managerial control to non-family individuals. Does this constitute intra-family succession? Consider a firm that retains forty-nine percent family ownership, and retains managerial control within the family. Does this constitute intra-family succession? The fundamental problem is that researchers have developed operational definitions without considering the perception of those individuals who have the greatest ability to influence the firm. In other words, given the many permutations that could define intra-family succession, a definition of intra-family succession from the perspective of those key family actors involved in intra-family succession, such as incumbents and potential successors (De Massis et al., 2008; Sharma et al., 2003), could provide some meaningful insight that researchers could use to formulate a more uniform definition of intra-family succession. The researcher could not find a study that attempted to define intra-family succession from the perspective of the founder, incumbent or potential successor, and this led to the first research question of this study:

1) How does the dominant coalition of the family firm define intra-family succession?

In their review of family business research, De Massis et al. (2012) state that intra-family succession research can be categorized as follows: why succession occurs or does not occur; succession planning; successor attributes; the succession process and what constitutes a successful succession. Research endeavours in each of these areas were presented in chapter 2 of this study. Overall, these areas of enquiry have yielded many interesting findings in regard to the many factors that encourage or inhibit intra-family succession from occurring, as well as the intra-family succession process itself. However, a fundamental knowledge gap remains in regard to intra-family succession as stated by De Massis et al. (2012) as follows:

> "*Success in strategic management, including the management of intra-family succession, must be*

measured in terms of goal achievement"……….yet the authors state that they "have not found any study specifically on the goals that family firms expect to achieve through intra-family succession that they believe they cannot achieve if leadership of the firm passes to a non-family member" (p. 30).

As previously mentioned, family firms pursue family centered non-economic goals (Chua et al., 2015) and it is the emphasis of family centered non-economic goals that differentiate a family firm from a non-family firm (Chrisman et al., 2012). Recall that this study did not consider intra-family succession a specific family centered non-economic goal, but rather a strategic management decision made by the dominant coalition of the family firm in order to achieve economic, non-economic, and family centered non-economic goals. However, a significant knowledge gap exists in regard to the specific goals that are desired through intra-family succession that cannot be achieved through non-family succession.

The fact that family firm researchers do not have an understanding of the intended goals that family firms desire through intra-family succession is a fundamental knowledge gap for two reasons. First, without an understanding as to why (i.e. the desired goals) family firms proceed with intra-family succession, how can researchers recommend how to effectively manage the intra-family succession process to family firms. For instance, reflecting on my career as a chartered accountant who has advised many family businesses through the intra-family succession process, the intra-family succession process was never started without an understanding of the desired goals. Without an understanding of the intended goals, practitioners cannot effectively advise their clients throughout the intra-family succession process. In fact, there was one case in which intra-family succession did not occur because it was determined that the desired goals of the dominant coalition could be better attained through non-family succession.

Second, consider the family firm post succession. How can success be measured if the goals are not known? In other words, how can we measure post succession performance without knowing the performance measures? Accordingly, more must be understood regarding to the goals desired through intra-family succession that cannot be achieved through non-family succession in order to truly understand the intra-family succession process, as well as the post succession performance of family firms. This led to the second research question of this study:

2) What goals does the dominant coalition of the family firm wish to achieve through intra-family succession that cannot be achieved through non-family succession?

Chrisman et al. (2005) state that "while there have been studies about the goals of family firms, they did not identify the driving forces behind those goals. If we do not understand the fundamental driving forces, we may confuse symptoms with causes" (p. 567). Given that family firms pursue family centered non-economic goals, and these goals can be considered a proxy variable that differentiates a family firm from a non-family firm, as well as different types of family firms, a greater understanding of the driving forces behind these goals is necessary in order to increase our understanding as to the different types of family firms. This led to the third research question of this study:

3) Why are these goals important?

To address the third research question of this study, the researcher heeded the call of Chrisman et al. (2010) to borrow from other disciplines and introduce new theoretical approaches toward developing a theory of the family firm. To this end, this study relied on the psychological personality traits of generativity and narcissism to explain why individuals within the dominant coalition of the family firm pursue intra-family succession goals.

The following four objectives guided this study in answering the research questions:

- Define intra-family succession from the perspective of the dominant coalition of the family firm.
- Identify the intended goals that family firm's desire from intra-family succession that cannot be achieved through non-family succession of the business.

- Examine the relationship between intra-family succession goals and the psychological behavioral traits of generativity and narcissism.

As presented in chapter 4, specific data was collected and hypotheses were tested to meet the stated objectives of this study. The following section of this chapter will discuss the results presented in chapter 4 in accordance with the stated objectives of this study and in reference to the family firm literature.

(5.2) Discussion of Findings

This section will discuss the findings presented in chapter 4 in relation to each of the four stated objectives of this study and in reference to the family firm literature. As such, this section has four parts, each representing a stated objective of this study.

Objective #1 - define intra-family succession from the perspective of the dominant coalition of the family firm.

The findings presented in chapter 4 of this study indicate that the dominant coalition of family firms may be of the view that the dynamics of ownership, management, or governance should be considered when transferring the business to the next generation. In terms of ownership, 88% are of the view that the family should retain 100% ownership control of the firm, and 84% are of the view that the family should retain at least 51% ownership control of the firm. In terms of management, 83% are of the view that a family member should always remain as CEO, while 87% are of the view that a family member should always be involved in the day-to-day management of the business. Last, in terms of governance, 83% are of the view that the chairman of the board of directors should always be a family member, and 87% are of the view that the family should always retain voting control of the board of directors. These findings are consistent with the view of Carney (2005) that small and medium sized firms generally keep ownership, management, and governance unified when transferring the firm.

However, as stated in chapter 2, researchers continue to use criteria to operationalize the term intra-family succession in ways that are not necessarily consistent with the findings above. For instance, Bennedsen et al. (2007) operationalized intra-family succession as the transition of the business from an incumbent to a successor with the same last name or from a parent to an offspring. Garcia-Castro and Aguilera, (2014) simply used a proxy variable to define succession as any business that was more than thirty years old, while Zacher et al. (2012) operationalized intra-family succession by whether a successor who will take over the business exists within the family. However, consider each of these operationalization's of intra-family succession in light of the finding of this study that the dominant coalition of the family firm may be of the view that the dynamics of ownership, management or governance should be considered when transferring the business to the next generation. For instance, consider a business that is more than thirty years old, the last name of the controlling owner is the same as the firm's founder, and *non-family members* control the management of the firm. These facts meet the criteria of intra-family succession for two of the studies cited above (Garcia-Castro and Aguilera, 2014; Bennedsen et al., 2007) even though the family has no influence in management. Although convenient, operational criteria may not capture the view of the dominant coalition as to what constitutes intra-family succession, which is the consideration of ownership, management or governance of the firm.

De Massis et al. (2014) suggest that "family involvement in ownership, management and governance are defining features of family firms" (p. 345) and researchers have used these dynamics to define intra-family succession. For instance, some researchers have focused exclusively on ownership succession (Bjuggren and Sund, 2001), while others have focused exclusively on management succession (Chittoor and Das, 2007) to operationalize intra-family succession. Moreover, some researchers have combined the dynamics of ownership and management and suggest that when ownership and management is transferred within the family, this constitutes intra-family succession, and where ownership is retained within the family but the management of the firm is transferred to non-family management, this constitutes the professionalization of the family firm (Le Breton-Miller et al., 2004). By relying on the dynamics of ownership, management and governance, these studies appear to capture the view held by the dominant coalition that the dynamics of ownership, management or governance must be considered when transferring the firm from one family member to another.

Past operationalization's of intra-family succession by family firm researchers are not necessarily parallel to the view held by the dominant coalition of the family firm. Therefore, studies investigating intra-family succession may want to consider the dynamics of ownership, management and governance, as this may represent a more accurate reality as to what constitutes intra-family succession. This may promote more comparability among studies.

Objective #2 - To identify the intended goals that family firms desire from intra-family succession that cannot be achieved through non-family succession.

As presented in chapter 3 of this study, the qualitative phase of this study identified fourteen intra-family succession goals (IFSGs). Although not specific to intra-family succession, researchers have suggested and identified various goals of family firms (Cabrera-Suarez et al., 2014; Liang et al., 2014; Kotlar and De Massis, 2013; Sorenson, 1999) and for the most part are consistent with the fourteen IFSGs identified in this study. Consistent with the categorization of family firm goals offered in previous studies, this study categorized the fourteen IFSGs as either economic (E-IFSG), intermediate economic (IE-IFSG), or family centered non-economic (FCNE-IFSG). Overall, there were six E-IFSGs, two IE-IFGSs, and six FCNE-IFSGs. It was not surprising that six E-IFSG were identified, as economic goals must be achieved (at the very least to a minimum threshold) in order to ensure the sustainability of the business in order to pursue FCNE-IFSG (Yu et al., 2012).

As will be discussed later in this section, the qualitative phase of this study led to some insightful and interesting outcomes that were not anticipated by the researcher. Nonetheless, the objective of the qualitative phase of the study was to identify intra-family succession goals and this objective was met as fourteen IFSGs were identified and classified as either E-IFSGs, IE-IFSGs or FCNE-IFSGs.

As presented in the previous chapter, this study measured the level of agreement by the dominant coalition of each of the fourteen IFSGs identified in the qualitative phase of this study. Overall, the findings indicated that the dominant coalition of the family firm agreed that each of the fourteen IFSGs were important. Initially, these findings concerned the researcher as the researcher did not expect that the dominant coalition would agree that each of the fourteen IFSGs would be important. However, upon reflection, these findings appear to be consistent with previous family firm research studies. For instance, the finding that E-IFSGs were agreed to be important is consistent with the suggestion offered by Yu et al. (2012) that "family businesses cannot survive without financial success, and at the same time, financial success is not the only goal of most family businesses" (p. 48). Also, the finding that FCNE-IFSGs were agreed to be as important is entirely consistent with prior family firm research (Chua et al., 2015; Chrisman et al., 2012; Klein and Kellermanns, 2008). Further, it is not surprising that all fourteen IFSGs were agreed to be important as Kotlar and De Massis (2013) suggest that among family members, goal diversity is greatest when intra-family succession is considered important. Recall that this study included only those individuals that had an intention (willingness) toward intra-family succession.

The fact that all the IFSGs were agreed to be important seems logical in light of the finding of this study that the dominant coalition believes that family should retain considerable influence over ownership, management *and* governance when transferring the business to the next generation. One could argue that the dominant coalition of the family firm is of the view that the attainment of these IFSGs is more likely with substantial family influence in ownership, management and governance. For instance, consider the E-IFSG of *stable profits* and the FCNE-IFSG of *providing employment for family members*. The simultaneous pursuit of these IFSGs may be difficult if the family firm is under non-family managerial control, because a non-family manager may have a compensation package that rewards increasing profits, and employing an underperforming family member may have negative effect on profits.

As mentioned in chapter 2 of this study, many researchers have considered intra-family succession a non-economic goal of family firms (Parker, 2014; Berrone et al., 2012; Zellweger et al., 2012; Gomez-Mejia et al., 2011), while the researcher of this study asserted that intra-family succession is not in and of itself a non-economic goal of the family firm, but rather a strategic management decision that is necessary in order to achieve IFSGs. The identification of the fourteen IFSGs by the dominant coalition of the family firm confirm the assertion of this study that intra-family succession is simply a strategic management decision. Simply put, no family business owner desires 'intra-family succession', rather a family business owner decides to proceed with the strategic management decision of intra-family succession because there are specific goals they wish to achieve, whether implicit or explicitly stated.

The identification of IFSGs also provides some important implications for the socioemotional wealth (SEW) concept discussed in chapter 2 of this study. Recall that SEW is a stock concept that represents the accumulated non-economic benefit that results from the pursuance of family centered non-economic goals (Chua et al., 2015). Researchers have relied on the SEW concept as a reference point to explain family firm behavior (Gottardo and Moisello, 2014; Linag et al., 2014) without an understanding of the flows that contribute to the accumulated stock of SEW (Chua et al., 2015). For instance, consider a firm that makes the strategic management decision to expand its operating facilities in order to increase its share value. To achieve an increase in share value, certain flows must be expected as a result of the decision to expand its operating facilities such as increased revenues, lowering operating costs, and more efficient production methods. These necessary flows would have been identified prior to the decision to expand the operating facility. Now consider the strategic management decision of intra-family succession, in light of the SEW concept. The SEW concept would suggest that the strategic management decision of intra-family succession is made in order to maximize SEW without acknowledging the flows that are necessary in order for SEW to be maximized. The fourteen IFSGs of this study can be viewed as the flows that contribute to the accumulated stock of SEW in regard to intra-family succession, specifically the six FCNE-IFSGs.[23] For instance, only through the strategic management decision and execution of intra-family succession can the FCNE-IFSG of *providing employment for family members* be attained (the flow), thereby increasing the accumulated stock of SEW. Moreover, the identification of E-IFSGs may indicate that the strategic management decision of intra-family succession may be primarily motivated by economic concerns. This contradicts the SEW concept, as the SEW concept suggests that family firm behavior is explained by the maximization of non-economic goals. The identification of the intended goals that the dominant coalition wishes to achieve through intra-family succession provides a more complete understanding of intra-family succession. That is, intra-family succession is simply a strategic management decision made in order to achieve certain goals (economic and non-economic) that cannot be achieved through non-family succession, and research that continues to implicitly assume 'intra-family succession' as a goal of every family does not necessarily capture the reality of intra-family succession.

"Success in strategic management, including the management of intra-family succession, must be measured in terms of goal achievement" (De Massis et al., 2012, p. 30). Some efforts have been made by researchers to examine the post intra-family succession performance of small and medium sized family firms (Wennberg, Wiklund, Hellerstedt, and Nordqvist, 2011; Bennedsen et al., 2007; Venter et al., 2005), considering only financial measures of performance such as sales growth and earnings before interest, taxes, and amortization (EBITA). However, consider the finding of this study that family firms desire not only E-IFSGs, but also FCNE-IFSGs. Therefore, it is likely that the pursuit of a FCNE-IFSG may be at the expense of an E-IFSG. Thus, the researcher is of the view that the generalizability and applicability of these studies are limited, as these studies invariably assume profit maximization as the main goal of the family firm post succession. For instance, Wennberg et al. (2011) found that short-term performance was greater for those firms that externally transferred (non-family transfer) the business

[23] The researcher acknowledges that each FCNE-IFSG has stock and flow like qualities. For instance, donating to a chartable cause (a flow) may increase the stock of the reputation in the community. However, for the purpose of this study the researcher views SEW as the overall stock associated with intra-family succession.

compared to those firms that carry out an intra-family transfer. In light of the findings of this study, it does not seem appropriate to conclude that the post succession performance of those firms which chose intra-family succession are inferior to those firms that chose an external transfer of the business simply because these firms experienced lower EBITA or sales growth. For instance, the findings of this study may suggest that the intended IFSGs may have been to achieve stable profits in order to provide employment of a family member. Therefore, in order to capture a more complete reality of post intra-family succession performance, studies must incorporate the intended goals that were desired to be achieved through the intra-family succession that could not have been achieved through non-family succession.

The finding of this study that family firms desire IFSGs caused the researcher to reflect back on the family firm literature to gain insight as to some of the motivating forces behind these goals. For instance, it was interesting to note the identification of the two IE-IFSGs of *retaining key employees* and *maintaining supplier relationships,* because neither of these goals are commonly cited as a specific goal of the family firm. However, the identification of these goals appears to be consistent with some of the family firm literature. For instance, Huang et al. (2009) found that family firms pay more attention to internal stakeholders compared to non-family firms,[24] while Hauswald and Heck (2013) suggest that the desire of the family firm to pursue non-economic goals may promote more compassionate stakeholder management of all stakeholders. For instance, *retaining a key employee* may promote *family harmony*, or *maintaining a supplier relationship* may promote the *family reputation in the community*. Therefore, it can be argued that *retaining key employees* and *maintaining supplier relationships* may not only be intermediate economic goals, but may also be considered an intermediate family centered non-economic goal, as the realization of one of these goals may also satisfy a family centered non-economic goal.

24 The authors defined internal stakeholders as individuals or groups that have the decision-making power to influence the firm. Thus, key employees and suppliers would be considered internal stakeholders.

Carney (2005) characterizes managerial governance in family firms as the separation of ownership and managerial control, and suggests that small and medium sized firms generally keep ownership and management unified when transferring of the firm. This is consistent with the finding of this study that the dominant coalition of the family firm may be of the view that the family should retain control of management of the firm when transferring the business to the next generation. However, this finding is also somewhat surprising given previous research indicating that family firms may choose to professionalize the management of the family firm (Gimeno, Saris, and Mayordomo, 2006; Le Breton-Miller et al., 2004) by transferring management control of the firm to non-family managers, while retaining ownership and governance control of the firm. This begs the question, is the desire of the family to retain considerable influence in the management of the firm when transferring the business to the next generation a result of agency concerns or stewardship behavior?

The main purpose for the collection of qualitative data was to identify IFSGs. In doing so, many interesting statements were made by individuals of the dominant coalition as presented in chapter 3. These statements provided the basis for the identification of IFSGs. However, the finding of this study that the dominant coalition of the family firm may be of the view that family should retain considerable influence in management when transferring the business to the next generation led the researcher to reflect back on some of the statements made by individuals of the dominant coalition during the qualitative phase of this study. Consider the following statements presented in chapter 3 of this study in light of the agent / steward relationship:

<u>Potential Successor</u>*: 'I want to take over and give my Dad a break…….he needs to relax'*

<u>Incumbent</u> - *'No need to take on too much debt/or too much risk……just steady growth'*

<u>Founder</u> - *'I have helped out many city causes through this business…….a new owner may not be as community involved as I am or my family will be as this business has allowed me to help out social causes that are important to me…….I will make sure that my family is always involved and gives back'*

Potential Successor: *'we have some managers here making a lot of money and set in their ways because my Dad is too nice……this would change if I come in'*

Potential Successor: *'I would take over this business but we need to get it more efficient…….employees have been here way too long and have way too much say….it is hard to get them to change to more efficient methods'*

As discussed in chapter 2, altruism (the unselfish concern and devotion to others) is a key element of stewardship behavior. Therefore, statements such as: '*I want to take over and give my Dad a break…….he needs to relax*' and *'I will make sure that my family is always involved and gives back'* seem to indicate stewardship as these are non-economic concerns, and stewardship behavior is more likely to exist when a firm places emphasis on non-economic goals (Corbetta and Salvatto, 2004). Whereas, statements such as: '*we have some managers here making a lot of money and set in their ways because my Dad is too nice……this would change if I come in'* and *'I would take over this business but we need to get it more efficient…….employees have been here way too long and have way too much say….it is hard to get them to change to more efficient methods'* suggest agency concerns because agency concerns are more likely to exist when the firm places importance on economic goals (Corbetta and Salvatto, 2004).

Therefore, it appears that agency concerns and stewardship behavior may be factors which influence the view held by the dominant coalition of the family firm that family should retain considerable influence in firm management when transferring the business to the next generation family member. This is consistent with previous research which suggests that both stewardship and agency behavior is likely to exist in private family firms, as these firm pursue economic and non-economic goals (Chrisman et al., 2007; Eddleston and Kellermans, 2007). However, other theoretical lenses may also be appropriate to examine the underlying factors that drive the relative importance and desire of IFSGs, which leads to the last objective of this study.

Objective #3: To examine the relationship between intra-family succession goals and the psychological *behavioral traits of generativity and narcissism.*

As mentioned in chapter 2 of this study, Erikson's (1963) theory of human development describes generativity as the concern in establishing and guiding the next generation. This study hypothesized that generativity is positively associated with IFSGs. The results presented in chapter 4 of this study provide support for this hypothesis, as generativity was positively associated with each of the fourteen IFSGs, and for any particular IFSG, generativity explained some of the variation (6% to 17%) of the measured level of agreement with each intra-family succession goal. Given that IFSGs (as identified in this study) represent those specific goals that the dominant coalition of the family firm believe can only be achieved if the firm was transferred within the family, these findings suggest that the pursuit of IFSGs by the dominant coalition of the family firm can be explained, in part, by the generative concern for the next generation. Allowing for the notion that IFSGs are antecedent to the strategic management decision of intra-family succession, this finding appears to support the work of Zacher et al. (2012). Which states that individual generativity is positively associated with intra-family succession.

The finding of this study that generativity partially explains why the dominant coalition desires IFSGs was not surprising as individual generativity will be relatively low in young adults ages 18 – 30, will be highest in the mid-adulthood ages of 30 – 60, and will level off in the older years (McAdams et al., 1993), and 91% of the individuals of this study were older than 35 years of age. Moreover, Coombs, Shipp and Christensen, (2008) propose that entrepreneurial activity is a perfect venue to express generativity. Therefore, it is the desire and pursuance of IFSGs that represents a generative action (expression) of the dominant coalition. Further, the findings presented in chapter 4 also provided support for the second hypothesis of this study that narcissism is positively associated with the FCNE-IFSG of preserving a family legacy. This finding is consistent with the propositions offered by Miller, (2014) that there may be a dark side to entrepreneurship, as entrepreneurial success may lead to more negative personality traits such as narcissism. Overall, the findings of this study confirm the stated hypotheses. However, when controlling for the individuals' gender and the role within the dominant coalition, some very interesting and rather surprising findings emerged.

Initially, the researcher was surprised regarding the findings that gender and role of the individual within the dominant coalition did not have an effect on the individual level of generativity or narcissism. However, upon reflection, these results should not have been surprising, as these findings can be explained by reconciling the psychology literature and management literature regarding personality traits. For instance, de St. Aubin and McAdams (1995) state that generative concern is positively associated with the personality traits of extraversion and openness, while management researchers have suggested that extraversion and openness are common personality traits of entrepreneurs (Zhao, Seibert and Lumpkin, 2010). Moreover, Miller (2014) suggests that narcissism may be a common personality trait of entrepreneurs as Mathieu and St-Jean (2013) found that entrepreneurs are more narcissistic than other vocational groups. Therefore, given that each individual of this study can be considered an entrepreneur, the finding that the levels of generativity and narcissism were not significantly different among the groups when controlling for gender and role are not surprising.[25]

Recall that generative concern is the personality trait of caring for the next generation, while generative expression (action) is the actual physical behavior that promotes the well-being of future generations. The findings of this study suggest that gender and the role of the individual within the dominant coalition influence the extent to which IFSGs are used as an expression of generativity. Moreover, the findings of this study also suggest that gender and the role of the individual within the dominant coalition influences the extent to which narcissism explains the FCNE-IFSG of preserving a family legacy.

For founders, thirteen of the fourteen IFSGs were positively associated with generativity. Whereas for incumbents, only eight of the fourteen IFSGs were associated with generativity. These findings appear to suggest that founders are more likely to use IFSGs to express their generative concerns compared to

[25] Considering the Merriam-Webster's definition of an entrepreneur which is one who organizes, manages, and assumes the risks of a business or enterprise.

incumbents. Also, there was a positive relationship found between narcissism and the FCNE-IFSG of preserving a family legacy only for founders, suggesting that the FCNE-IFSG of preserving a family legacy can be partially explained as narcissistic behavior of the founder, and not the incumbent. On the surface, these findings seem consistent with previous family firm research that founders greatly influence the goals and culture of the family firm, and this influence is likely to exist well beyond the tenure of the founder (Kotlar and De Massis, 2013; Sharma et al., 2005). Reconciling these results to previous family firm literature is rather difficult, as to the best of the researchers' knowledge, this is the first study to identify IFSGs, and explain why these goals are important. However, interpreting these results in reference to the applicable psychology literature and some previous family firm research provides some insight and meaning to these results.

As previously mentioned, the psychology literature broadly defines legacy as something that one leaves behind when one dies, and is attached to one's identity, and the desire to leave a legacy can be attributed to an individual's quest for immortality (Wade-Benzoni and Tost, 2009).   The desire to leave a legacy is closely related to generativity (Newton et al., 2014), as leaving a legacy can have a positive influence on future generations. Further, leaving a legacy may not only improve the lives of future generations, but may also satisfy the maker's desire for immortality, and in this regard, legacy may also be associated with narcissism (Hunter and Rowles, 2005). For founders, the findings of this study indicate that generativity and narcissism partially explained the desire for the FCNE-IFSG of legacy. In contrast, for incumbents, generativity and narcissism did not explain the FCNE-IFSG of family legacy. This is not to suggest that founders are more generative and narcissistic than incumbents, nor do these findings suggests that the FCNE-IFSG of preserving a family legacy is not a goal of incumbents. Rather, these findings suggest that the FCNE-IFSG of preserving a family legacy cannot be explained as a generative expression or narcissistic behavior of the incumbent.

Given that generativity and narcissism are closely linked with legacy, and considering that legacy is attached to one's identity, and the notion that a founder's identity is closely linked with the firm (Le Breton-Miller et al., 2011; Astrachan et al., 2002; Handler, 1989), it seems logical that the FCNE-IFSG of legacy is explained as a generative expression and narcissistic behavior of the founder, as the findings of this study suggest. Further, the finding that founders are more likely to use IFSGs to express their generative concerns compared to incumbents may be reconciled by observing the call of Chua et al. (2015) to delineate between the stocks and flows of SEW. For instance, given that the FCNE-IFSG of legacy is partially explained as a generative expression and narcissistic behavior of the founder and not the incumbent, and the founder's close identity with the firm, it may be appropriate to suggest that the desire of the founder to preserve the family legacy through intra-family succession may be seen as a stock, and the other IFSGs such as *stable profits*, *family harmony*, and *employment of family members* may represent the flows that are necessary to accumulate the stock of preserving the family legacy.

For males, thirteen of the IFSGs were positively associated with generativity. Whereas for females, only seven of the fourteen IFSGs were associated with generativity. These findings appear to suggest that males may be more likely to identify IFSGs in their expression of generative concerns compared to females. Given that 91% of the individuals of this study were older than 35 years of age, these results appear to be consistent with the view of Edelstein (1995) that "generativity fails to address the midlife shift, and fails to appreciate that women have already devoted years to nurturing others and may be moving into a natural self-focused period." (p. 6).

As stated above, the researcher was surprised by the finding that gender did not have an effect on the level of individual narcissism, given that previous research suggests that males are more narcissistic than females (Grijalva et al., 2015). However, to some degree this finding was reconciled, given that narcissism may be a common personality trait of entrepreneurs (Miller, 2014; Mathieu and St-Jean, 2013) as every individual of this study can be considered an entrepreneur. Nevertheless, the finding that narcissistic behavior partially explains the FCNE-IFSG of preserving a family legacy for males only was unexpected. As mentioned in chapter 2 of this study, the desire to leave a legacy can be expressed in different ways, as Hunter (2006) suggests that females are more interested in passing on values and beliefs than material items. As will be discussed in the finals part of this chapter, future research could explore the various elements of legacy (material, values, and beliefs) to determine which of these elements are more associated with narcissism while controlling for gender.

Overall, the findings of this study suggest that the dominant coalition of family firms desire specific goals through intra-family succession that cannot be achieved through non-family succession, thereby indicating that IFSGs are antecedent to the strategic management decision of intra-family succession. Moreover, the dominant coalition of the family firm is of the view that family should retain considerable influence in ownership, management and governance of the firm. The findings of this study also suggest that the personality traits of generativity and narcissism partially explain why IFSGs are important. This provides some preliminary evidence to suggest that differences in individual personality may influence the behaviour of family firms regarding intra-family succession. The following section will discuss the overall contributions of this study to the field of family business research.

(5.3) Contributions of the Study

This study provides theoretical, methodological and analytical contributions to the field of intra-family succession research. To reiterate, "success in strategic management, including the management of intra-family succession, must be measured in terms of goal achievement" (De Massis et al., 2012, p. 30). It is the understanding of the researcher that this is the first study to identify and investigate the intended goals which family firms desire from intra-family succession that could not otherwise be achieved through the non-family succession of the business. Consequently, the researcher suggests that this study has identified some of the IFSGs and acknowledges that other IFSGs are likely to exist. Nonetheless, the IFSGs identified in this study provide some initial goals that can be used to measure family firm performance post intra-family succession. For instance, good performance may be the continued employment of a family member, while poor performance may be the decrease of family harmony.

As previously mentioned, many family firm researchers have suggested that intra-family succession is a non-economic goal of family firms (Berrone et al., 2012; McKenny et al., 2012; Sorenson, 1999; Westhead and Cowling, 1997). The results of this study refine this notion, as it is the specific economic and non-economic goals which the family firm intends to achieve through intra-family succession that cannot be achieved through non-family succession. It is these goals which drive the decision of the dominant coalition to pursue intra-family succession. This is a fundamental distinction as continuing to view intra-family succession as a goal in and of itself, fails to capture the reality of intra-family succession. An understanding of the intended goals desired through intra-family succession will allow researchers to offer more effective intra-family succession models and recommendations which family firms can use to better manage the intra-family succession process.

As mentioned previously, researchers who define intra-family succession using operational criteria may not be capturing the true reality of what constitutes intra-family succession. The finding of this study that the dominant coalition of family firms may be of the view that the dynamics of ownership, management, or governance should be considered when transferring the business to the next generation, is also a contribution to intra-family succession research. An understanding that family firms perceive intra-family succession as the transfer of either ownership or management to another family member while retaining considerable influence in ownership, management or governance will enable researchers to design their investigations to reflect these criteria. In doing so, more consistent criteria will be used to define intra-family succession, thereby increasing the comparability and interpretation of results. Moreover, studies using consistent criteria may also provide insight as to the sources of family firm heterogeneity (Chrisman et al., 2012).

This study also heeded the call of De Massis et al. (2014) that ability and willingness must both be present in order for a firm to behave in a particularistic fashion. In doing so, this study used the theoretical definition of the family firm offered by Chua et al. (1999) and operationalized this definition using measures of ability and willingness. De Massis et al. (2014) state that "empirical results interpreted without differentiating necessary and sufficiency conditions will be misguided" (p. 351) and one method to mitigate this problem is through data screening. A methodological contribution of this study was the screening of the population to ensure that the sample satisfied both the ability and willingness conditions. As discussed in chapter 3, the ability and willingness conditions were assessed by asking questions in relation to the dynamics of dynamics of ownership, management and governance. The researcher acknowledges that the measures used in this study to assess ability and willingness are not exhaustive as there are many measures to assess ability and willingness (De Massis et al., 2014). Nonetheless, future studies can use or expand upon the method developed in this study to ensure the sample meets both the ability and willingness conditions.

Lastly, researchers have suggested that the non-economic goals of family firms deserve considerably more attention (Cabrera-Suarez et al., 2014; Chrisman et al., 2012; Yu et al., 2012; Debicki et al., 2009). Much more needs to be understood regarding the factors which drive the pursuit of these goals (Chrisman et al., 2005), and borrowing theoretical approaches from other disciplines may provide some meaningful insights. This study relied on the psychological personality traits of generativity and narcissism to explain why the dominant coalition of the family firm desires IFSGs. To the best of the researcher's knowledge, this is the first study to use these personality traits as factors to explain particularistic family firm behavior, specifically IFSGs.[26] The findings of this study suggest that generativity and narcissism partially explain why family firms desire IFSGs. Although the findings of this study suggest that generativity and narcissism explain approximately only 5% to 17% of the variance, these findings provide justification for researchers to consider introducing these and other psychological theories and personality traits to explain particularistic family firm behavior.

[26] As mentioned in chapter 2 of this study, Zacher et al. (2012) investigated the relationship between generativity and the strategic management decision of intra-family succession and not the intended goals.

(5.4) Limitations and Directions for Future Research

Like in any research study, there are limitations and considering that this study explores a relatively unexplored topic, there exists many avenues for future research. That said, the following section will outline the key limitations of this study, which in turn will provide directions and opportunities for future research. Then, with the aim of expanding the scope of enquiry and investigation concerning IFSGs, necessary future research will be presented.

A strength of this study was the screening of respondents to ensure that firms met the ability and willingness conditions. However, a limitation of the study was that family firms were considered a homogeneous group of individual small business owners from Ontario, Canada. The focus on a single geographical region within one country may not reflect the heterogeneity that may exists among family firms due to cultural and contextual differences, thus researchers are cautioned as to the generalizability of these findings. For instance, Zacher et al. (2012) suggest that Asian cultures place strong emphasis on family tradition and collectiveness, while Bjuggren and Sund (2001) suggest that a country's tax regime may influence the desire toward intra-family succession. Future studies could utilize samples from across Canada as well as other countries to assess whether cultural and contextual factors influence the desire of IFSGs.

Further, the relatively small sample size of this study represented a limitation to the extent that the potential successor group was not well represented (n=10) in this study. Thus, no statistical analysis was performed to investigate whether or not generativity and narcissism explain why potential successors desire IFSGs. Moreover, the results of this study were that the age of the firm, the firm size, the perceived financial stability, and industry do not influence the dominant coalition's willingness toward intra-family succession. This was an unexpected finding as previous research suggests that these variables may influence the willingness of the dominant coalition toward intra-family succession (Sciascia et al, 2015; Chrisman et al., 2012; De Massis et al., 2008; Zellweger and Astrachan, 2008). The relatively low sample size (n=52) of the non-willing group compared to the willing group (n=146) may have contributed to these results. Future studies using larger sample sizes will overcome these limitations.

This study found that the dominant coalition is of the view that the dynamics of ownership, management or governance must be considered when transferring the business to the next generation. Upon reflection, measurement could have been developed to determine the necessary and sufficiency conditions in regard to the dynamics of ownership, management and governance. For instance, is the continued family ownership and governance (without family management) of the firm a sufficient condition that would constitute intra-family succession? Alternatively, is the continued family management of the firm a necessary but not sufficient condition to constitute intra-family succession as non-family ownership may have the ability (through ownership and governance) to remove family management? Future studies could develop measures to determine the necessity and sufficiency conditions for the dynamics of ownership, management and governance. For instance, consider the dynamics of ownership and management using forced scales: Is retaining ownership control sufficient when transferring the business to the next generation? Is retaining management control sufficient when transferring the business to the next generation? Alternatively, is retaining ownership and management control sufficient when transferring the business to the next generation? This would allow for the collection of data to enable the researcher to more clearly define intra-family succession, and determine the necessity and sufficiency of ownership, management and governance in regard to intra-family succession.

As previously mentioned, the fourteen IFSGs of this study were identified from the interviews of the seven individuals representing the dominant coalition of a family firm. The scope of this study was to identify intra-family succession goals. Future research could develop more accurate measurement scales to examine the relative importance of each of the IFGS. An understanding of the relative importance of each IFSG will allow for the prioritization and ranking of IFSGs, which could substantiate or refute the IFSGs identified in this study. Further, the researcher acknowledges that a limitation of this study is that the fourteen IFSGs identified in this study do not represent an exhaustive list of IFSGs. Given that the identification of IFSGs is a relatively unexplored area of investigation, the researcher suggests that future qualitative studies are necessary in order to provide a more comprehensive list of IFSGs.

This study categorized IFSGs as either economic (E-IFSG), intermediate economic (IE-IFSG) or family centered non-economic (FCNE-IFSG). It is the view of the researcher that a most promising and necessary area of future research is the development and validation of constructs for E-IFSGs, IE-IFSGs and FCNE-IFSGs using exploratory and confirmatory factor analysis. In doing so, one will expand the scope of research relating to IFSGs, as these constructs can be used in future studies to examine the substitutional, synergetic, casual or overlapping performance relationships that exist amongst IFSGs (Zellweger and Nason, 2008). For example, studies could investigate the marginal rates of substitution of E-IFSGs for FCNE-IFSGs (Chrisman et al., 2005). An understanding of the performance relationships that may or may not exist among IFSGs may provide insight as to family firm heterogeneity. For instance, a family firm that is less likely to substitute E-IFSGs for FCNE-IFSGs may behave differently compared to a family firm that is more willing to substitute E-IFSGs for FCNE-IFSGs. Moreover, constructs could be developed and validated for some IFSGs to more clearly define their meaning and interpretation. For instance, consider the fact that one can leave a legacy of values, beliefs, material items, and traditions. Upon reflection, the researcher could have been more specific when asking the respondents to indicate the importance of legacy as an IFSG. For instance, future studies could develop a construct of legacy by the following three statements: upholding the integrity in which the family has operated the business is important (values and beliefs); preserving a tradition of entrepreneurship within the family is important (traditions); retaining the financial rewards of the family business within the family is important (material).

Moreover, the finding of this study that generativity and narcissism only explain 5% to 17% of the variance indicates that considerably more research is needed in order to gain a thorough understanding of the many factors that drive the desire for IFSGs. For instance, as discussed earlier in this chapter, it may be that agency concerns and stewardship behavior could be factors that influence the desire to pursue IFSGs. Through the lens of agency theory and stewardship theory, future studies could investigate whether or not agency concerns or stewardship behaviour explain why family firms desire IFSGs. In light of previous research, it would be expected that agency concerns may be likely to explain E-IFSGs, while stewardship behavior may be likely to explain FCNE-IFSGs (Drakopoulou and Dyck, 2015; Chrisman et al., 2007; Corbetta and Salvatto, 2004). Upon reflection, the researcher could have developed questions to measure the respondent's perception of family managers' competence and commitment to the family business. For instance, if family managers are more committed to the business than non-family managers this would indicate agency concerns. Similarly, if family managers are more parsimonious than non-family managers would also indicate agency concerns. Also, borrowing from the organization behavioral literature, questions could have been asked to measure the respondent's perception of a family manager's competence compared to non-family managers. Thus, if E-IFSGs are associated with competence and commitment, then this would indicate agency concerns. Whereas, if E-IFSGs are associated with competence but not commitment, this would indicate stewardship behavior.

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APPENDIX I - SURVEY

Please select your age.

1. Less than 18 years of age.
2. 18 - 25 years of age.
3. 26-35 years of age.
4. 36-50 years of age.
5. 51-75 years of age.
6. 76 years of age or older.

Are you a member of a family that owns a private family business?

1. Yes
2. No

How many people are employed in the business?

1. 1-10
2. 11-50
3. 51-99
4. More than 100

Which of the following best describes your role in the family business?

1. Founder (started or established the business)
2. Incumbent (hold the top management position in the family business and must relinquish leadership of the firm before another family member can take over)
3. Potential successor (may one day assume managerial control of the family business)
4. Other

Please indicate the percentage of the family business that is owned by:

Yourself and / or other family members ___________

Non-family members ___________

For purposes of this survey, a manager is someone who makes decisions in the day to day operations of the business, has supervisory responsibility over employees in the business, and is involved in major financial decisions related to the business.

Including yourself, how many family members are managers in your firm?

How many individuals sit on the Board of Directors of the family business?

How many members of the Board of Directors are family members?

In which industry would you classify the family business?

1. Wholesale or Retail
2. Manufacturing
3. Technology
4. Agriculture
5. Other

Is the family business a…?

1. First generation family business
2. Second generation family business
3. Third generation family business
4. Other

In your opinion, is your family business financially stable?

1. Yes
2. No
3. Don't know

Is it your wish that a family member always retains ownership control of the business?

1. Yes
2. No
3. Don't know/undecided

Is it your wish that a family member takes over future management leadership of the business?

1. Yes
2. No
3. Don't know/undecided

Is it your wish that the family always has voting control of the Board of Directors of the business?

1. Yes
2. No
3. Don't know/undecided

In regard to the intra-family succession of the business, please indicate the extent you agree or disagree with the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Ideally, 100% ownership of the business should remain within the family	○	○	○	○	○	○	○
The family should always retain at least 51% ownership of the business	○	○	○	○	○	○	○
The CEO/President of the business should always be a family member	○	○	○	○	○	○	○
A family member should always be involved in the day-to-day management of the business	○	○	○	○	○	○	○
The Chairman of the Board should always be a family member	○	○	○	○	○	○	○
The family should always have control of the Board of Directors.	○	○	○	○	○	○	○

Below are a number of statements which relate to some goals that can only be achieved through intra-family succession and cannot be achieved through non-family succession of the business. Please indicate whether you agree or disagree with each statement.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Preventing disharmony among family members is important.	○	○	○	○	○	○	○
Providing family members with employment is important.	○	○	○	○	○	○	○
Maintaining good relationships with long-term suppliers of the business is important.	○	○	○	○	○	○	○
Maintaining the family's reputation in the community is important.	○	○	○	○	○	○	○
Providing money for family members is important.	○	○	○	○	○	○	○

Providing a high quality of life for family members is important,	○	○	○	○	○	○	○
Retaining key employees of the business is important.	○	○	○	○	○	○	○
Preserving a family legacy is important.	○	○	○	○	○	○	○
Increasing revenues is important.	○	○	○	○	○	○	○
Giving family members a feeling of prestige associated with owning a business is important.	○	○	○	○	○	○	○
Ensure stable profitability of the business is important.	○	○	○	○	○	○	○
Providing financial independence for family members is important,	○	○	○	○	○	○	○
Lowering operating costs is important.	○	○	○	○	○	○	○
Lowering management control costs (i.e. profit sharing plans, target pricing policies, budgeting) is important,	○	○	○	○	○	○	○
Reducing/eliminating key employees is important.	○	○	○	○	○	○	○
The family's reputation in the community is NOT important.	○	○	○	○	○	○	○
It is OK if the business is the primary source of family disharmony	○	○	○	○	○	○	○

In the next few questions, we will present you with a pair of statements. For each pair, choose the statement that best represents your own feelings or beliefs.

Please choose the response that best represents your own feelings or beliefs.

1. **I really like to be the center of attention**
2. It makes me uncomfortable to be the center of attention

1. I am no better or no worse than most people
2. **I think I am a special person**

1. **Everybody likes to hear my stories**
2. Sometimes I tell good stories

1. I usually get the respect that I deserve
2. **I insist upon getting the respect that is due me**

1. I don't mind following orders
2. **I like having authority over people**

1. **I am going to be a great person**
2. I hope I am going to be successful

1. People sometimes believe what I tell them
2. **I can make anybody believe anything I want them to**

1. **I expect a great deal from other people**
2. I like to do things for other people

1. **I like to be the center of attention**
2. I prefer to blend in with the crowd

1. I am much like everybody else
2. **I am an extraordinary person**

1. **I always know what I am doing**
2. Sometimes I am not sure of what I am doing

1. I don't like it when I find myself manipulating people
2. **I find it easy to manipulate people**

1. Being an authority doesn't mean that much to me
2. **People always seem to recognize my authority**

1. **I know that I am good because everybody keeps telling me so**
2. When people compliment me I sometimes get embarrassed

1. I try not to be a show off
2. **I am apt to show off if I get the chance**

1. **I am more capable than other people**
2. There is a lot that I can learn from other people

Please indicate the extent you agree or disagree with the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I carry out activities in order to ensure a better world for future generations.	○	○	○	○	○	○	○
I have a personal responsibility to improve the area in which I live.	○	○	○	○	○	○	○
I give up part of my daily comforts to foster the development of next generations.	○	○	○	○	○	○	○
I think that I am responsible for ensuring a state of well-being for future generations.	○	○	○	○	○	○	○
I commit myself to do things that will survive even after I die.	○	○	○	○	○	○	○
I help people to improve themselves.	○	○	○	○	○	○	○

Demographic questions

Are you ...?

1. Male
2. Female

What is your level of education?

1. High school
2. Some college or university
3. College or university undergraduate degree
4. Some post-graduate studies
5. Post-graduate degree
6. Doctorate